Government of Alberta

2013–14 Annual Report

- Consolidated Financial Statements
- Measuring Up

Alberta

This is the report to Albertans on ***Budget 2013: Responsible Change.*** It is a permanent public record of the dollars spent and the results achieved by the Government of Alberta for the 2013–14 fiscal year.

The Government of Alberta Annual Report consists of two parts:

- ***Consolidated Financial Statements***, which provide an overall accounting of the government's revenue and spending, and assets and liabilities.
- ***Measuring Up***, which reports on the progress that has been made towards achieving the government's goals.

Annual reports for each ministry have also been published, providing additional detailed information on performance and financial results.

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Government of Alberta 2013–14 Annual Report
Consolidated Financial Statements and Measuring Up

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ACCOUNTABILITY STATEMENT

The government's Annual Report for the year ended March 31, 2014 was prepared under my direction on behalf of the government in accordance with the *Fiscal Management Act* and the government's accounting policies. All of the government's policy decisions as at June 18, 2014 with material economic or fiscal implications have been considered in the preparation of the Annual Report.

Original signed by

Doug Horner
President of Treasury Board and Minister of Finance

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A MESSAGE FROM THE PRESIDENT OF TREASURY BOARD AND MINISTER OF FINANCE

As we reflect on the past year, I hope Albertans are as proud as I am of the province's accomplishments, and of how we overcame some extraordinary challenges together. Our strong economic growth was only outpaced by our rapid population growth—all at a time when government was turning the corner financially by holding the line on spending, building needed infrastructure, and investing in core services such as health, education, and support for vulnerable Albertans.

In the midst of these efforts, we also faced head-on the devastating floods in southern Alberta. With a total estimated event cost of $6 billion, this is the most expensive natural disaster in Canadian history. I'm proud of the fact government responded immediately by supporting those in harm's way, providing the necessities of life to those who suddenly found themselves homeless, and laying the groundwork for recovery over the longer term. In 2013-14, government allocated close to $3 billion in flood support to help Albertans, small business owners and communities rebuild.

We accomplished all this and still ended the year with an operational surplus of $2.5 billion and an overall Fiscal Plan surplus of $755 million.

Last year saw significant growth for our province. We welcomed more than 100,000 new Albertans, averaged 5,700 new jobs each month, and our economy outperformed both Canada and the U.S. with GDP growth of 3.9%. This was good news for our provincial revenues, which reached more than $45 billion at year end. The bitumen differential widened at times, but sustained higher oil prices and the lower Canadian dollar saw an increase in non-renewable resource revenue by $2.3 billion from the budget forecast.

The 2013-14 fiscal year also brought good news for our provincial savings. We introduced government's first legislated savings plan in decades, and investment income was higher than expected. The Heritage Fund performed extremely well with returns of 16%, ending the year at $15 billion. The Contingency Account grew to $4.7 billion, and our overall savings grew to $23.2 billion.

At $41.9 billion, expense was higher than expected, up by $3.8 billion to pay for disasters, and to address population growth challenges such as education enrollment pressures and higher demands in health and human services. Capital Plan investments were maintained at $5 billion as we responded to Albertans' calls to keep building the schools, roads and hospitals we need today.

In 2013-14 we completed our review of close to 220 programs and services through the results-based budgeting process, bringing the total number reviewed to 370, to ensure we are delivering the outcomes Albertans expect as effectively and efficiently as possible. The *Measuring Up* section of this report is now aligned with Results-based Budgeting to more closely integrate this initiative with the government's strategic planning and reporting frameworks.

The bottom line for Alberta is that by sticking to a responsible spending plan, we laid the foundation for a positive *Budget 2014*. We have strong and stable finances that are set to keep the province in a surplus position. Over the course of this past year, Albertans and this government tackled challenges and seized opportunities necessary in order to continue building our province together, ensuring it remains one of Canada's leading jurisdictions and a great place to call home today, and long into the future.

Original signed by

Doug Horner
President of Treasury Board and Minister of Finance

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NOTE: AMOUNTS PRESENTED IN SOME TABLES MAY NOT ADD TO TOTALS DUE TO ROUNDING.

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Fiscal Management Act*. The Public Accounts consist of the Annual Report of the Government of Alberta and the annual reports of each of the 19 ministries.

This Annual Report of the Government of Alberta contains the Minister's Accountability Statement, an Executive Summary, the audited Consolidated Financial Statements of the Province and the *Measuring Up* report, which compares actual performance results to desired results set out in the government's strategic plan.

The annual reports of ministries are released concurrently with the Annual Report of the Government of Alberta. The ministry annual reports contain Ministers' accountability statements, the audited consolidated financial statements of the ministries and a comparison of actual performance results to desired results set out in the ministries' business plans. Each ministry annual report also includes:

- Financial statements of entities making up the ministry including departments (all departments combined form the General Revenue Fund), regulated funds, provincial agencies and Crown-controlled corporations;
- Other financial information as required by the *Financial Administration Act* and the *Fiscal Management Act*, either as separate reports or as a part of financial statements, to the extent that the ministry has anything to report;
- Financial information relating to accountable organizations and trust funds.

EXECUTIVE SUMMARY

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BUDGET 2013: RESPONSIBLE CHANGE

Budget 2013 responded thoughtfully to the effects on government revenue of global economic struggles and a widening in the discount between global oil price benchmarks and Alberta prices, while still delivering on Albertans' priorities: investing in families and communities, securing Alberta's economic future and advancing world-leading resource stewardship.

The budget outlined an Operational Plan, Savings Plan and Capital Plan, with several key focuses:

- Affordable, accessible and excellent health care;
- Vulnerable Albertans will be looked after;
- Productive, thriving education system, from early childhood to post-secondary opportunities;
- Alberta's infrastructure built and maintained to facilitate and keep pace with growth;
- Responsible, respected resource development with expanded market access;
- Constant evaluation of effectiveness and efficiency of spending to deliver outcomes Albertans expect.

The actual 2013-14 results were significantly improved from the original *Budget 2013* estimates. Employment and population growth were greater than expected, boosting revenue but also creating spending pressures. Financial market returns and investment income were strong. The agriculture sector had a banner year. When southern Alberta experienced one of the worst natural disasters in Canadian history, with massive floods in June 2013, the government acted quickly to support relief and reconstruction efforts. The financial implications, including substantial expected federal assistance, are mainly reported in 2013-14 numbers.

Even with additional flood relief spending, the change in net assets in 2013-14 was positive $755 million, $2.7 billion better than originally forecast. Revenue was $6.6 billion higher, including $1.6 billion in federal flood assistance, while total expense was $3.8 billion higher, including close to $3 billion in flood relief.

Global economic conditions remain very uncertain, with large daily commodity and financial market swings. Access to markets for our energy production also will continue to be a focus for the government. In this environment, the government will continue to be prudent, concentrating on delivering the outcomes Albertans expect, while managing our unique fiscal volatility responsibly. An enhanced, legislated saving plan was developed during 2013-14.

OPERATIONAL PLAN

Operational revenue was $44.4 billion in 2013-14, including $20.3 billion from income and other taxes, $9.6 billion in non-renewable resource revenue, and a total of $5.8 billion from investment income and net income from government business enterprises.

Operational expense was $41.9 billion in 2013-14, including $17.3 billion for Health, $9 billion combined for Education and Innovation and Advanced Education, and $4.2 billion for Human Services. An operational surplus of $2.5 billion was realized in 2013-14.

CAPITAL PLAN

Significant infrastructure support of $5 billion was provided in 2013-14, including $1.6 billion for municipal partners, $1.4 billion for provincial highway networks, $0.5 billion for schools and $0.5 billion for health care and post-secondary facilities. To begin rebuilding efforts, $204 million was added in-year after the June 2013 floods. $3.8 billion was borrowed to finance the Capital Plan.

NOTE ON DIFFERENCES IN REPORTING

The Annual Report Consolidated Financial Statements (CFS) report on a different basis and scope from the Fiscal Plan (budget) documents. The CFS includes:

- Revenue, expense, assets and liabilities of Crown-controlled SUCH sector entities (schools, universities, colleges and health entities) and Alberta Innovates corporations. This adds revenue of $4.2 billion, expense of $4.4 billion and net assets of $22.9 billion.
- Deferred capital contribution treatment for capital transfers. Reduces revenue by $0.1 billion and net assets by $2.4 billion.
- Pension liabilities. Adds $0.7 billion to expense and $11.6 billion to liabilities.

The 2013-14 Fiscal Plan change in net assets was $755 million while the Consolidated Financial Statements deficit was $302 million. More details on the differences between the reporting methods is provided on pages 19–21.

Fiscal Summary

(millions of dollars)

FISCAL PLAN BASIS (*Fiscal Management Act*)	2013-14 Budget	2013-14 Actual	2012-13 Actual
1 **Total Revenue; less:**	**38,736**	**45,293**	**38,756**
2 Revenue received for capital purposes	(522)	**(491)**	(504)
3 Investment income retained by Heritage Fund	(297)	**(193)**	(161)
4 Capital Plan debt servicing costs allocation	(238)	**(230)**	(141)
5 **Operational Revenue**	**37,679**	**44,379**	**37,950**
Operational Expense			
6 Operating expense (net of in-year savings)	36,546	**37,653**	36,443
7 Disaster / emergency assistance	200	**2,900**	596
8 Capital amortization / inventory consumption / loss on asset disposals	982	**967**	975
9 General debt servicing costs	402	**360**	371
10 **Total Operational Expense**	**38,130**	**41,880**	**38,385**
11 **Operational Surplus / (Deficit)**	**(451)**	**2,499**	**(435)**
12 **Total Revenue (line 1)**	38,736	**45,293**	38,756
13 **Total Operational Expense (line 10)**	38,130	**41,880**	38,385
14 Capital grants	2,343	**2,428**	3,072
15 Capital Plan debt servicing costs (line 4)	238	**230**	141
16 **Total Expense (Total Operational Expense plus lines 14 & 15)**	**40,711**	**44,538**	**41,598**
17 **Change in Net Assets (Total Revenue less Total Expense)**	**(1,975)**	**755**	**(2,842)**
RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS			
Revenue Adjustments			
18 SUCH sector / Alberta Innovates corporations own-source revenue		**4,226**	3,929
19 Deferred capital contributions		**(85)**	(140)
20 **Total Revenue (Consolidated Financial Statements basis – line 1 plus lines 18 & 19)**		**49,434**	**42,545**
Expense Adjustments			
21 Adjustment for capital spending		**1,120**	975
22 SUCH sector / Alberta Innovates corporations net adjustment		**3,330**	2,775
23 Pension provisions		**748**	296
24 **Total expense adjustments**		**5,198**	**4,046**
25 **Total Expense (Consolidated Financial Statements basis – line 16 plus line 24)**		**49,736**	**45,644**
26 **Surplus / (Deficit) – Consolidated Financial Statements basis (line 20 less line 25)**		**(302)**	**(3,099)**

Operational Cash Adjustments / Contingency Account (at March 31, 2014)

(millions of dollars)

Operational Cash Adjustments – Sources / (Requirements)	2013-14 Budget	2013-14 Actual	2012-13 Actual	Change from Budget	Change from Actual
Retained income of funds and agencies	(796)	**(1,151)**	(586)	(355)	(565)
Energy royalties	(1,137)	**(279)**	(294)	858	15
Student loans / inventory acquisition / other cash adjustments	(577)	**(454)**	(570)	123	116
Current principal repayments (P3s / direct borrowing)	(34)	**(33)**	(30)	1	(3)
Allocation for future principal repayments (direct borrowing)	(40)	**(34)**	-	6	(34)
2013 Alberta flood assistance revenue / expense	-	**903**	-	903	903
Amortization / inventory consumption	982	**912**	890	(70)	22
Net Operational Cash Adjustments	**(1,602)**	**(136)**	**(590)**	**1,466**	**454**
Plus: Operational Surplus / (Deficit)	(451)	**2,499**	(435)	2,950	2,934
Net Operational Cash Sources / (Requirements)	**(2,053)**	**2,363**	**(1,025)**	**4,416**	**3,388**
Contingency Account	At March 31				
Assets at Start of Year	2,744	**3,326**	7,497		
Transfer of / (to offset) net operational cash sources / (requirements)	(2,053)	**2,363**	(1,025)	4,416	3,388
Cash transferred from prior-year fourth quarter results	-	**256**	1,308	256	(1,052)
Cash from fourth quarter results to be transferred in subsequent year	-	**(1,287)**	(256)	(1,287)	(1,031)
Transfer to Capital Plan	-	-	(4,198)	-	4,198
Assets at End of Year	**691**	**4,658**	**3,326**	**3,967**	**1,332**

FISCAL PLAN HIGHLIGHTS

On the Fiscal Plan basis (excludes pension provisions, SUCH sector and Alberta Innovates corporations, deferred capital contribution treatment), the change in net assets was positive $755 million, an improvement of $2.7 billion from the *Budget 2013* estimate, and $3.6 billion from 2012-13.

Total Revenue was $45.3 billion, $6.6 billion higher than budget and $6.5 billion higher than 2012-13.

- **Change from Budget.** Increases of $2.9 billion in resource revenue, $1.2 billion in tax revenue, $1.6 billion in federal assistance for the June 2013 floods, and $1.5 billion in investment income and other revenue, were slightly offset by a $0.6 billion decrease in crown land lease sales revenue.
- **Change from 2012-13.** Increases of $2.3 billion in resource revenue, $1.8 billion in tax revenue, $1.6 billion in federal assistance for the June 2013 floods, and $1.3 billion in investment income and other revenue, were slightly offset by a $0.5 billion decrease in crown land lease sales revenue.

Total Expense was $44.5 billion, $3.8 billion higher than budget and $2.9 billion higher than 2012-13.

- **Change from Budget.** Mainly reflects increases of $1.1 billion in operating expense and close to $3 billion in assistance for the June 2013 floods.
- **Change from 2012-13.** Increases of $1.2 billion in operating expense and $3 billion in assistance for the June 2013 floods were partly offset by decreases of $0.5 billion in other disaster / emergency assistance, and $0.6 billion in capital grants.

The Consolidated Financial Statements basis deficit was $302 million, a $2.8 billion improvement from 2012-13. The $0.8 billion difference from the Fiscal Plan basis improvement of $3.6 billion is due to increases of $0.7 billion in SUCH sector and Alberta Innovates additional net expense and $0.4 billion in the pension provision, partly offset by a $0.3 billion increase in SUCH sector and Alberta Innovates own-source revenue.

Net Assets. At March 31, 2014, on the Fiscal Plan basis, net assets were $45 billion, including capital assets of $23.7 billion. On the Consolidated Financial Statements basis, net assets were $53.9 billion, including capital assets of $42.8 billion. More details on assets and liabilities are provided on pages 18-21.

OPERATIONAL PLAN HIGHLIGHTS

The Operational Surplus was $2.5 billion, $2.9 billion higher than the *Budget 2013* estimate and 2012-13 results. Operational revenue was $44.4 billion, while operational expense was $41.9 billion.

Cash adjustments to operational results, such as differences between accrued revenue and cash receipts, non-cash expense and transfers not reported on the income statement, are necessary to determine the allocation to or from the Contingency Account under the *Fiscal Management Act*.

- **Retained income of funds and agencies.** A net $1.2 billion in financial surpluses of entities, like Alberta Treasury Branches or Agriculture Financial Services Corporation, are included in the 2013-14 year-end results, but kept by the entities.
- **Energy royalties.** Differences between reported royalties and when cash is received amount to a net $279 million more revenue than cash received.
- **Other cash adjustments.** $262 million in cash was needed for student loans, net of loan repayments, $131 million was used to acquire short-term inventory assets, and there were $61 million in other net cash requirements.
- **P3 / capital debt principal repayments.** Cash of $33 million was used to repay principal owed under completed P3 contracts, while $34 million was set aside for future direct debt repayment.
- **June 2013 flood assistance.** $1.6 billion in federal revenue and $2.8 billion in operational expense under federal and provincial programs were accrued in 2013-14. However, only $0.5 billion in cash was received and only $0.8 billion in operating spending occurred. This results in a net positive $0.9 billion cash adjustment (negative $1.1 billion for revenue and positive $2 billion for expense).
- **Non-cash expense.** $0.9 billion in capital amortization / short-term inventory consumption were included in expense, but required no cash.

Contingency Account. *Budget 2013* estimated a balance of $0.7 billion on March 31, 2014, but the Account reached $4.7 billion. The $4 billion improvement comprised a $0.6 billion increase to the starting balance, $0.3 billion in 2012-13 results realized after *Budget 2013*, an increase of $4.4 billion in 2013-14 net cash results, offset by $1.3 billion to be deposited in 2014-15.

Operational Expense

(millions of dollars)

				Change from	
	2013-14		2012-13		2012-13
Operating Expense by Ministry	**Budget**	**Actual**	**Actual**	**Budget**	**Actual**
Investing in Families and Communities					
Culture	162	**156**	175	(6)	(19)
Health	17,048	**17,240**	16,449	192	791
Human Services	4,155	**4,226**	4,123	71	103
Justice and Solicitor General	1,253	**1,269**	1,271	16	(2)
Municipal Affairs	433	**413**	392	(20)	21
Tourism, Parks and Recreation	162	**162**	164	-	(2)
Securing Alberta's Economic Future					
Education	6,210	**6,301**	6,154	91	147
Infrastructure	504	**505**	477	1	28
Innovation and Advanced Education	2,635	**2,679**	2,726	44	(47)
Jobs, Skills, Training and Labour	140	**134**	142	(6)	(8)
Service Alberta	243	**236**	242	(7)	(6)
Transportation	478	**514**	471	36	43
Treasury Board and Finance	1,381	**1,556**	1,430	175	126
Advancing World-leading Resource Stewardship					
Aboriginal Relations	169	**163**	155	(6)	8
Agriculture and Rural Development	845	**752**	850	(93)	(98)
Energy	439	**664**	555	225	109
Environment and Sustainable Resource Development	478	**494**	476	16	18
International and Intergovernmental Relations	37	**33**	28	(4)	5
Other					
Executive Council	51	**44**	43	(7)	1
Legislative Assembly	122	**113**	119	(9)	(6)
In-year savings	(400)	-	-	400	-
Total Operating Expense	**36,546**	**37,653**	**36,443**	**1,109**	**1,212**
Disaster / Emergency Assistance					
Agriculture and Rural Development	2	**2**	266	-	(264)
Environment and Sustainable Resource Development	-	**102**	285	102	(183)
Municipal Affairs	27	**38**	45	11	(7)
Unallocated	171	-	-	(171)	-
Total	200	**142**	596	(58)	(454)
2013 Alberta flood assistance:					
Aboriginal Relations	-	**193**	-	193	193
Human Services	-	**65**	-	65	65
Infrastructure	-	**72**	-	72	72
Municipal Affairs	-	**2,416**	-	2,416	2,416
Other	-	**12**	-	12	12
Total 2013 Alberta flood assistance	-	**2,758**	-	2,758	2,758
Total Disaster / Emergency Assistance	**200**	**2,900**	**596**	**2,700**	**2,304**
Amortization / Inventory Consumption / Loss on Asset Disposals					
Infrastructure amortization / inventory consumption	179	**124**	119	(55)	5
Transportation amortization / inventory consumption	475	**480**	465	5	15
Other amortization / inventory consumption / loss on disposals	328	**363**	391	35	(28)
Total Amortization / Invent. Consump. / Loss on Disposals	**982**	**967**	**975**	**(15)**	**(8)**
General Debt Servicing Costs					
Agriculture and Rural Development (Ag. Financial Services Corp.)	75	**68**	67	(7)	1
Municipal Affairs (Alberta Social Housing Corporation)	12	**12**	14	-	(2)
Treasury Board and Finance	315	**280**	290	(35)	(10)
Total General Debt Servicing Costs	**402**	**360**	**371**	**(42)**	**(11)**
Total Operational Expense	**38,130**	**41,880**	**38,385**	**3,752**	**3,497**

OPERATIONAL PLAN EXPENSE HIGHLIGHTS

Operational expense in 2013-14 was $41.9 billion. This comprised $37.7 billion in operating expense, $2.9 billion in disaster / emergency assistance, $1 billion in amortization / inventory consumption and losses on asset disposals, and $0.4 billion in general debt servicing costs.

Budget-to-actual changes. Operational expense was $3.8 billion higher than budgeted. This included:

- **Operating expense.** $1.1 billion or 3% increase, primarily due to physician compensation, increased caseloads and costs in AISH and children's programs, school enrolment growth, external investment management fees, and additional costs for Land Use Framework settlements, crude oil marketing and setting up the Alberta Energy Regulator. The budgeted deduction of $400 million for in-year savings is also removed.
- **Disaster / emergency assistance.** $2.7 billion increase reflecting the $2.8 billion in assistance for the June 2013 floods, partly offset by a $58 million reduction from the budgeted $200 million.

Year-over-year comparison. Operational expense was $3.5 billion higher than 2012-13. This included:

- **Operating expense.** $1.2 billion or 3.3% increase, primarily for Alberta Health Services, physician compensation, increased caseloads and costs in AISH and children's programs, school enrolment growth, external investment management fees and costs of Land Use Framework settlements and setting up the new Alberta Energy Regulator.
- **Disaster / emergency assistance.** $2.3 billion increase due to $2.8 billion in assistance for the June 2013 floods, partially offset by a reduction of $0.5 billion as there was no agriculture disaster in 2013-14 and a less severe forest fire year.

INVESTING IN FAMILIES AND COMMUNITIES

HEALTH

Health operational expense was $17.3 billion, comprising $17.2 billion in operating expense and $62 million in amortization / inventory consumption. Operating expense was $791 million or 4.8% higher than 2012-13, and $192 million above budget.

- Operating expense changes from 2012-13:
  - $239 million increase for physician services, reflecting more physicians and service demand.
  - $282 million increase in the operating grant to Alberta Health Services to accommodate population growth, aging and inflation, plus an additional $159 million increase for new operations and increased capacity of the Calgary South Health Campus and the Kaye Edmonton Clinic.
  - $111 million net increase in other programs.
- Operating expense changes from budget:
  - $318 million increase for physician services, due mainly to more physicians and service demand.
  - $121 million increase to deal with higher drug prices, including new drugs, the delay in implementation of a PharmaCare program, and population aging and growth.
  - $88 million decrease from lower requirements for the Calgary South Health Campus.
  - $47 million decrease related to delayed progress on Family Care Clinics implementation.
  - $112 million net decrease in other programs.

MAJOR INITIATIVES

- Developed the *Outcomes and Measurement Framework* to define strategic direction and guide planning for Alberta's health care system, and help selection of outcome measures that will drive improvements and funding allocation decisions.
- Introduced a wellness strategy focusing on actions that can be taken to prevent illnesses, such as heart disease and diabetes.
- Responded to the June 2013 floods by conducting health inspections, monitoring for diseases, providing health information and helping track personal immunization schedules. Support was and will be required to deal with emotional impacts.
- Immunized over one million Albertans over a ten week period against influenza.
- Provided $985 million to seniors through the Alberta Seniors Benefit, Special Needs Assistance, and drugs, dental, optical and supplemental health benefit programs, plus over $4 million in low-interest loans through the Property Tax Deferral program.

HUMAN SERVICES

Human Services operational expense was $4.2 billion. Operating expense was $103 million, or 2.5% higher than 2012-13 and $71 million above budget, primarily for higher caseloads and costs per case.

- AISH expense was $1.1 billion, $36 million higher than 2012-13, due to 3,000 more clients, totalling almost 48,000. Monthly benefits and income exemptions were raised last year. Alberta's program for clients with severe and permanent disabilities is one of the most comprehensive in Canada.
- Support to Persons with Disabilities expense was $767 million, an increase of $65 million from 2012-13, for increasing caseloads and complexity of cases, and higher contracted agency wages.
- $144 million for Family Support for Children with Disabilities, a $5 million increase from 2012-13, suppporting 9,000 children and their families.
- Child intervention and child care program expense increased by $20 million or 2.2% from 2012-13, primarily due to increasing case complexity.
- Passed the *Children First Act*, consulted Albertans on eliminating child poverty, improving early childhood development and creating a children's charter, and introduced a five-point plan to improve the child intervention system.
- Employment program expense was $12 million lower than 2012-13, due to lower caseloads, but $49 million higher than budget due to $27 million in federal funding added in-year and not achieving program savings assumed in budget.
- $111 million allocated to eliminate homelessness. Approximately 8,800 people have been provided with housing and other supports since 2009.
- $65 million in assistance for the June 2013 floods, primarily in payments to eligible Albertans who had to evacuate their homes for over a week.

JUSTICE AND SOLICITOR GENERAL

Operational expense was $1.3 billion, $16 million higher than 2012-13 and $30 million above budget. Operating expense increased $16 million from budget, mainly due to AUPE and Justice of the Peace compensation settlements, and a $22 million asset writedown was partly offset by $8 million in lower amortization expense.

- Supported municipalities and their police agencies during the June 2013 floods.
- Finalized the opening of the Edmonton Remand Centre, which is the largest facility of its kind in Canada, with 1,952 beds.
- Added funding for 10 new RCMP officers, and allocated 12 RCMP and 4 Traffic Sheriffs to monitor Highway 63.
- Passed the *Victim Statutes Amendment Act*, which expands access to financial benefits for crime victims and accelerates the civil forfeiture process while still protecting privacy and enabling sufficient time for individuals to respond when goods are confiscated.
- Increased the use of direct indictments by 365% between 2012 and 2013. This permits by-passing preliminary hearings so trials can be set in Queen's Bench immediately, shortening time to trial by weeks or months, and preventing loss of cases because of what may be considered unjust delays.
- Continued exploring refinements to various court-related processes and other services to improve efficiencies and reduce costs.

MUNICIPAL AFFAIRS

Operational expense (excluding debt servicing costs) was $2.9 billion in 2013-14, $2.4 billion higher than 2012-13 and budget, almost entirely due to $2.4 billion in assistance for the June 2013 floods. Accounting standards permit reporting the entire amount of estimated disaster program expense in 2013-14, though actual cash outlays will occur in 2013-14 and future years.

- Provided $48 million in Municipal Sustainability Initiative operating grants, $58 million in grants in place of municipal property taxes which the Crown is exempt from paying, and $23 million for municipal regional collaboration.
- Grants of $121 million were delivered to housing providers for seniors and community housing, and $64 million in rent supplements helped low-income households with accommodation costs.
- Support to public libraries was $31 million.
- $38 million in disaster recovery and municipal wildfire assistance, of which $27 million was for the 2011 Slave Lake wildfire.

OTHER MINISTRIES

Culture and Tourism, Parks and Recreation operational expense was $343 million, a decrease of $17 million from 2012-13 and $3 million from budget, due mainly to lower Culture operating expense. The ministries provided:

- 828 grants to organizations totalling $19 million under the Community Initiatives Program.
- 173 grants totalling $26 million under the Alberta Media Fund for screen-based productions, book and magazine publishing and sound recording.
- $52 million to support Alberta historic sites, museums and heritage preservation and conservation programs.
- $23 million to the Alberta Foundation for the Arts for grants to support artists and arts promotion.
- $54 million for provincial park operations and implementing the Land Use Framework.
- $75 million in Alberta tourism promotion.
- Support for the sixth annual Alberta Culture Days celebration with thousands of Albertans participating in 1,455 events in 94 communities.
- $25 million to promote recreation, sport and active, healthy lifestyles, and *Active Alberta*.
- $4 million in June 2013 flood assistance to heritage, arts and non-profit organizations for restoration and rebuilding efforts, and $1 million to the tourism industry.

SECURING ALBERTA'S ECONOMIC FUTURE

EDUCATION

Education operational expense was $6.3 billion in 2013-14, $143 million higher than in 2012-13 and $99 million higher than the *Budget 2013* estimate, primarily due to increased school enrolment.

- $5.6 billion in operating and property tax support for public and separate school boards, an increase of $91 million or 1.6%, from 2012-13, and up by $76 million or 1.3% from budget.
- Accredited private school funding of $222 million was $13 million or 6.2% higher than 2012-13, and $16 million higher than budget due to enrolment growth.
- $363 million for current-year pension expense (post-1992 Teacher's Pension Plan), a $48 million or 15.2% increase from 2012-13.
- Approved 26 dual credit opportunities for the 2014-15 school year. The dual credit strategy enables students to earn high school and post-secondary credits for the same courses, workplace certification, or exemptions from post-secondary program requirements.

INNOVATION AND ADVANCED EDUCATION

Operational expense was $2.7 billion, a decrease of $47 million or 1.7% from 2012-13, and $44 million higher than budget due to increased enrolment.

- Provided nearly $2.2 billion in operating grants to post-secondary institutions.
- Awarded $72 million in scholarships to 37,000 Alberta students. Funded 58,000 full-time students by providing $384 million in Alberta student loans and $53 million in provincial grants.
- Introduced a grant to low-income borrowers in one-year undergraduate certificate programs.
- Recruited two more Campus Alberta research chairs, with 12 out of 18 seats now filled, to attract leaders in energy and environment, food and nutrition, neuroscience/prions and water research.
- Grants of $132 million to Alberta Innovates corporations supported research, innovation and technology commercialization in Alberta.

OTHER MINISTRIES

Other ministry operational expense (excluding debt servicing costs) in the "Securing Alberta's Economic Future" group was $3.7 billion, $232 million higher than 2012-13 and $247 million higher than budget. Increases included $77 million for June 2013 flood assistance, higher external investment management fees linked to higher investment income, and a higher provision for corporate income tax doubtful accounts.

The $3.7 billion consists of $2.9 billion in operating expense, $590 million for amortization, $87 million in inventory consumption, $77 million for the June 2013 floods, and $21 million in losses on disposals.

- $66 million was allocated for workforce strategies, including attraction and retention programs, labour qualification and mobility, and aboriginal development partnerships. Launched the Alberta Workforce Information online subscription tool for employers to access workforce information.
- Processed 9,894 Alberta Immigrant Nominee Program applications, and issued 5,541 certificates.
- $37 million for Occupational Health and Safety (OHS) programs. Ten OHS officers completed

a newly designed peace officer training program, allowing them to issue tickets directly.

- Adjusted the minimum wage from $9.75 per hour to $9.95, based on Alberta Consumer Price Index and average weekly earnings increases.
- The Final Mile Rural Connectivity Initiative has enabled access to high-speed internet for over 98% of Alberta households.
- $426 million was spent on provincial highway maintenance and preservation.
- Passed the *Enhancing Safety on Alberta Roads Act*, providing more flexibility on highway lane use and for municipalities on timing of playground speed restrictions.
- Continued development and implementation of traffic safety plans aimed at improving safety of vehicles, roads and drivers.
- Alberta 5-1-1, which gives reliable traveler information instantly, has received over 200 million hits from 1.2 million unique viewers since it was created last year.
- The Alberta Family Employment Tax Credit provided $117 million to low and middle-income families with children and employment income.
- Held an economic and revenue forecasting conference, consulted with Albertans on the budget, fiscal framework and savings policy, and consulted directly with major bank economists on the *Budget 2014* forecast. An expanded savings policy was introduced with *Budget 2014* through approval of the *Savings Management Act*.

ADVANCING WORLD-LEADING RESOURCE STEWARDSHIP

AGRICULTURE AND RURAL DEVELOPMENT

Operational expense (excluding debt servicing costs) was $771 million, a decrease of $360 million from 2012-13 and $92 million from budget, primarily from an overall exceptional year for the agriculture sector and the termination of the Farm Fuel Distribution Allowance for 2013-14.

- In 2012-13, $266 million in disaster assistance was provided in-year, while only $2 million was budgeted and spent in 2013-14 (related to the 2011 Slave Lake wildfire).
- Indemnity payments of $350 million for crop, hail and livestock insurance were incurred in 2013-14.
- The Alberta Livestock and Meat Agency allocated $18 million to help agri-food businesses develop new markets, products and technologies.
- $40 million through Growing Forward 2 to support innovation in the agri-food sector.
- Continued development of a comprehensive irrigation strategy and the Rural Economic Development Action Plan.
- Considered possible enhancements to the grain transportation system, with producers, the federal and other provincial governments, after record crop production in Western Canada caused delays.

ENERGY

Energy operational expense was $685 million, an increase of $108 million from 2012-13, and an increase of $223 million from *Budget 2013*.

- The increase from 2012-13 was mainly due to $73 million in Land Use Framework settlements, primarily for the Fort McMurray Urban Development Sub-Region, and $36 million in set-up costs for the new Alberta Energy Regulator.
- In addition to these, the increase from budget is exaggerated as budget numbers are not restated consistently with 2012-13 and 2013-14 actuals. An accounting policy change that requires reporting gross crude oil royalties in revenue, and transportation and marketing costs in expense, instead of netting the costs from revenue, was implemented in *Budget 2013*, but some costs were omitted. *Budget 2013* revenue and expense for 2012-13 have been increased by $120 million.
- $68 million was provided under the Bioenergy Producer Credit program to encourage a variety of bioenergy products, such as renewable fuels, liquid biofuels, electricity, heat and biomass pellets and gas products. This was $24 million more than in 2012-13. No new grants are being issued, and existing agreements will be completed in 2015-16.

ENVIRONMENT AND SUSTAINABLE RESOURCE DEVELOPMENT

Operational expense was $633 million, $157 million lower than 2012-13, but an increase of $116 million from *Budget 2013*. The increase from budget was mainly due to the provision of in-year disaster assistance for forest fire-fighting of $102 million, which was $183 million lower than 2012-13 disaster costs.

- Provided $40 million to combat mountain pine beetle infestations.
- Spent $213 million, including $102 million of in-year disaster assistance, to fight 1,193 forest fires, which consumed about 19,572 hectares.
- Accepted the 21 Flat Top Complex Wildfire Review Committee recommendations, implemented 13, and began work on the final eight. $18 million was provided in 2013-14.

OTHER MINISTRIES

Aboriginal Relations and International and Intergovernmental Relations operational expense was $389 million, $206 million higher than 2012-13 and $183 million higher than budget, due primarily to $193 million for June 2013 flood assistance.

- Trade and investment missions to Asia and the US promoted Alberta as an environmentally-responsible, stable, global energy supplier, and articulated Alberta's case for expanded market access.
- Filled 16 post-graduate externship positions with 13 host organizations in the US, China, Japan and Europe through the Alberta Abroad program.
- Over $121 million in casino revenue was provided to First Nations through the First Nations Development Fund.
- Updated the *Policy on Consultation with First Nations on Land and Natural Resource Management*, established the Aboriginal Consultation Office and provided $6 million through the First Nations Consultation Capacity Investment program.
- Allocated $10 million, as part of an $85 million ten-year commitment, to help achieve self-sustainability of Metis Settlements.

GENERAL DEBT SERVICING COSTS

- General debt servicing costs primarily represent interest paid on: unmatured debt, borrowing undertaken to repay the Teachers' Pension Plan debt, and lending operations of Alberta Capital Finance Authority (ACFA) and Agriculture Financial Services Corporation (AFSC).
- 2013-14 general debt servicing costs were $360 million, a decrease of $11 million from 2012-13 and $42 million from budget. The decrease from 2012-13 primarily reflects repayment in 2012-13 of maturing GRF debt, partly offset by increased ACFA borrowing in 2013-14, to facilitate higher lending to municipalities which generates offsetting interest revenue. The decrease from budget is due primarily to lower-than-expected interest rates and borrowing by AFSC, partly due to higher-than-expected loan repayments.

PENSION PROVISIONS

- Public sector pension plan liabilities increased by $748 million, to $11.6 billion at March 31, 2014.
- $713 million of this was for the pre-1992 Teachers' Pension Plan (TPP) liability, in large part due to an increase in the life expectancy assumption and a reduction of 0.25% in the discount rate used in the calculation. Discount rates reflect expected rates of return on investments, or where there are no assets such as with the pre-1992 TPP, expected average government borrowing rates.
- The strong market returns in 2013-14 benefited plans with assets, reducing the forecast increase in liabilities. Accounting standards spread the benefit out over a number of years though, while the pre-1992 TPP changes are immediately recognised.
- Liabilities for pre-1992 obligations account for 84% of the government obligation, with the pre-1992 TPP unfunded liability accounting for 75%.
- For the purposes of the *Fiscal Management Act*, the annual, non-cash change in pension liabilities is excluded from expense and fiscal framework rules.

Pension Liabilities (at March 31)

Government obligations for pension plan liabilities
(millions of dollars)

	2014	2013
Teachers' Pension Plans		
– Pre-1992 unfunded liability	**8,727**	8,014
– Post-1992 unfunded liability	**643**	560
Public Service Mgmt (closed, pre-1992)	**617**	584
Universities Academic (pre-1992)	**311**	328
Local Authorities	**511**	494
Public Service Management (Supplementary)	**12**	52
Special Forces (pre-1992)	**95**	123
Members of the Legislative Assembly	**46**	45
Public Service	**280**	250
Management Employees	**63**	139
Provincial Judges and Masters in Chambers	**16**	6
Supplementary Executive Retirement Plans	**-**	-
Pension Liabilities (without SUCH)	**11,321**	**10,595**
SUCH - Universities Acad./Supp. retirement	**279**	257
Total Pension Liabilities	**11,600**	**10,852**

CAPITAL PLAN

The Capital Plan supported $5 billion in projects in 2013-14, a decrease of $207 million or 4% from budget, and $85 million or 1.7% from 2012-13.

- The decrease from budget was mainly due to re-profiling various health projects to future years, delays in municipal applications for federal cost-shared programs, slower progress on school construction and carbon capture and storage projects, partly offset by $204 million added for assistance for the June 2013 floods.

Capital Plan

(millions of dollars)

				Change from	
	2013-14		2012-13		2012-13
BY MINISTRY	Budget	Actual	Actual	Budget	Actual
Investing in Families and Communities					
Culture	54	**54**	73	-	(19)
Health	104	**80**	90	(24)	(10)
Human Services	9	**5**	8	(4)	(3)
Infrastructure (health facilities)	576	**373**	431	(203)	(58)
Justice and Solicitor General	87	**56**	112	(31)	(56)
Municipal Affairs	921	**920**	892	(1)	28
Tourism, Parks and Recreation	19	**18**	15	(1)	3
Transportation (municipal support)	751	**691**	749	(60)	(58)
Securing Alberta's Economic Future					
Education	564	**504**	313	(60)	191
Infrastructure	214	**232**	241	18	(9)
Innovation and Advanced Education	68	**70**	82	2	(12)
Jobs, Skills, Training and Labour	1	**1**	-	-	1
Service Alberta	41	**38**	28	(3)	10
Transportation	1,409	**1,389**	1,680	(20)	(291)
Treasury Board and Finance	29	**38**	44	9	(6)
Advancing World-leading Resource Stewardship					
Agriculture and Rural Development	34	**37**	48	3	(11)
Energy	197	**139**	130	(58)	9
Environment and Sustainable Resource Development	126	**148**	148	22	-
Other - Legislative Assembly	5	**5**	3	-	2
2013 Alberta flood assistance					
Education	-	**13**	-	13	13
Environment and Sustainable Resource Development	-	**174**	-	174	174
Municipal Affairs	-	**12**	-	12	12
Other	-	**5**	-	5	5
Total Capital Plan	**5,209**	**5,002**	**5,087**	**(207)**	**(85)**
Capital Plan Financing					
Revenue received for capital purposes	522	**491**	504	(31)	(13)
Retained income of funds and agencies for capital purposes	84	**50**	24	(34)	26
Book value of capital asset disposals	2	**76**	84	74	(8)
Alternative financing (P3s)	344	**332**	255	(12)	77
Direct borrowing	3,190	**3,824**	925	634	2,899
Net (deposit) / withdrawal from Capital Plan financing account	1,067	**229**	(902)	(838)	1,131
Transfer from Contingency Account	-	**-**	4,197	-	(4,197)
Total Capital Plan Financing	**5,209**	**5,002**	**5,087**	**(207)**	**(85)**
Capital Plan Debt Servicing Costs					
Education (Alberta Schools Alternative Procurement P3s)	27	**27**	26	-	1
Transportation (ring road P3s)	67	**65**	62	(2)	3
Treasury Board and Finance (direct borrowing)	144	**138**	53	(6)	85
Total Capital Plan Debt Servicing Costs	**238**	**230**	**141**	**(8)**	**89**

- The decrease from 2012-13 was mainly due to *Budget 2013* restraint measures particularly for transportation projects, partly offset by the planned increase for school construction under the third P3 arrangement, and the $204 million added for assistance for the June 2013 floods.
- Opened a new cancer centre in Red Deer. Finished construction of a Neonatal Intensive Care Unit in Calgary, endoscopy suite in Edmonton, health facilities in Bow Island and Sherwood Park, and emergency department and ambulance bay renovations in Fort McMurray. Continued work on projects in Edson, Grande Prairie, High Prairie, Lethbridge, Medicine Hat and Calgary.
- $1.6 billion in municipal support:
  - $848 million Municipal Sustainability Initiative grants and $36 million for disaster recovery assistance for the 2011 Slave Lake wildfire.
  - $216 million through GreenTRIP for transit systems, $249 million in Basic Municipal Transportation Grants and $195 million under the Building Canada – Gas Tax Fund.
  - $79 million for water and wastewater systems.
- $498 million for schools, down $65 million from budget, due to slower-than-expected progress, but $192 million more than 2012-13 due to ramping up of the third P3 contract. 35 new schools and modernizations will open September 2014, and contracts for 50 new and 70 modernization projects are to be in place by the end of 2014.
- Provided $48 million for maintenance and renewal, and $15 million for expansion and upgrading, of post-secondary facilities.
- $1.4 billion for the highway network, including:
  - $639 million for the Edmonton and Calgary ring roads. Reached agreement with the Tsuu T'ina Nation on land acquisition for the final portion of the Calgary ring road.
  - $397 million for twinning, interchanges and other construction work.
  - $234 million for Highway 63, with more than 48 kilometres twinned in 2013-14.
  - $42 million for bridge projects, and $69 million for rehabilitation of 438 kilometres of roads.
- $107 million of industry charges allocated for climate change and emissions reduction technology development, $14 million in federal ecoTrust initiatives and $7 million for land conservation.
- Provided $115 million in carbon capture and storage grants. Total support so far is $250 million.
- Added 335 continuing care spaces, for a total of 3,369 since 2010.
- $16 million for maintenance and renewal of parks.
- $16 million for cultural and recreational projects including Calgary's National Music Centre and facilities in Lethbridge and Medicine Hat.
- Lottery funding of $34 million for 450 Community Facility Enhancement projects.
- Work continued on Edmonton Federal Building and Centennial Plaza, Evan Thomas water treatment facility and Royal Alberta Museum.
- $204 million for June 2013 flood assistance.

CAPITAL PLAN FINANCING

- $491 million in revenue received for capital projects comprised $317 million in federal funding, $106 million for climate change and $68 million from Lottery Fund and other sources.
- $50 million of retained income of entities like Alberta Social Housing Corporation, regulatory and other agencies funded their capital spending.
- Capital assets recorded as $76 million on the balance sheet were disposed of, requiring a non-cash impact on the surplus / deficit that creates a cash source of $76 million for the Capital Plan.
- Public-private partnerships primarily for schools and ring roads provided $332 million.
- $3.8 billion in direct borrowing. Any difference between cash requirements and borrowed amounts is deposited or withdrawn from the Capital Plan financing account. It had $902 million to start the year, of which a net $229 million was used.

CAPITAL DEBT SERVICING COSTS

- Capital Plan debt servicing costs represent interest paid on direct borrowing, set by markets at time of issuance, and alternatively-financed public-private partnerships, set out in contracts.
- 2013-14 debt servicing costs were $230 million, $89 million higher than in 2012-13, due to the increase in the amount of direct debt.

Revenue

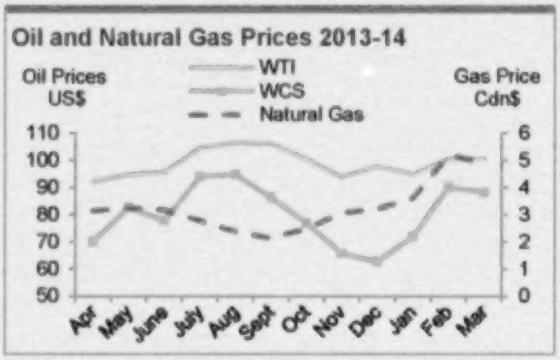
(millions of dollars)

	2013-14		2012-13	Change from	
	Budget	Actual	Actual	Budget	2012-13 Actual
Income Taxes					
Personal income tax	10,001	10,537	9,621	536	916
Corporate income tax	4,943	5,488	4,756	545	732
	14,944	**16,025**	**14,377**	**1,081**	**1,648**
Other Taxes					
Education property tax	1,835	1,860	1,776	25	84
Tobacco tax	920	922	912	2	10
Fuel tax	900	925	897	25	28
Insurance taxes	333	359	334	26	25
Freehold mineral rights tax	152	146	119	(6)	27
Tourism levy	85	87	82	2	5
	4,225	**4,299**	**4,121**	**74**	**178**
Non-Renewable Resource Revenue					
Bitumen royalty	3,367	5,222	3,560	1,855	1,662
Crude oil royalty	1,615	2,476	2,038	861	438
Natural gas and by-products royalty	965	1,103	954	138	149
Bonuses and sales of Crown leases	1,148	588	1,053	(560)	(465)
Rentals and fees	145	173	176	28	(3)
Coal royalty	10	16	(3)	6	19
	7,250	**9,578**	**7,779**	**2,328**	**1,799**
Transfers from Government of Canada					
Canada Health Transfer	2,597	2,612	2,364	15	248
Canada Social Transfer	1,374	1,410	1,315	36	95
Agriculture support programs	319	272	279	(47)	(7)
Labour market agreements	174	186	177	12	9
Infrastructure support	371	317	372	(54)	(55)
2013 Alberta flood assistance	-	1,582	-	1,582	1,582
Other	285	350	297	65	53
	5,120	**6,729**	**4,804**	**1,609**	**1,925**
Investment Income					
Alberta Heritage Savings Trust Fund	1,368	2,272	1,464	904	808
Endowment funds	234	393	261	159	132
Alberta Capital Finance Authority	279	278	258	(1)	20
Contingency Account	63	80	307	17	(227)
Agriculture Financial Services Corporation	124	118	111	(6)	7
Other	77	84	89	7	(5)
	2,145	**3,225**	**2,490**	**1,080**	**735**
Net Income from Government Business Enterprises					
AGLC – Gaming / lottery	1,484	1,484	1,485	-	(1)
AGLC – Liquor	718	747	729	29	18
Alberta Treasury Branches	250	280	245	30	35
Other	26	30	26	4	4
	2,478	**2,541**	**2,485**	**63**	**56**
Premiums, Fees and Licences					
Motor vehicle licences	485	492	467	7	25
Crop, hail and livestock insurance premiums	313	379	314	66	65
Energy industry levies	203	215	159	12	56
Land titles	85	86	82	1	4
Land and grazing	69	75	76	6	(1)
Supplementary health benefits premiums	53	50	53	(3)	(3)
Other	364	412	379	48	33
	1,572	**1,709**	**1,530**	**137**	**179**
Other					
AIMCo investment management charges	167	248	222	81	26
Fines and penalties	126	137	136	11	1
Refunds of expense	122	205	246	83	(41)
Climate change and emissions management	60	106	94	46	12
Miscellaneous	528	491	472	(37)	19
	1,003	**1,187**	**1,170**	**184**	**17**
Total Revenue	**38,736**	**45,293**	**38,756**	**6,556**	**6,537**

REVENUE HIGHLIGHTS

TOTAL REVENUE

- Total 2013-14 revenue on the Fiscal Plan basis was $45.3 billion. This was $6.6 billion higher than budget and $6.5 billion higher than 2012-13.
- The increases from budget and from 2012-13 were due mainly to higher income tax revenue, bitumen, crude oil and natural gas royalties, investment income, and federal assistance for the June 2013 floods, partially offset by lower Crown land lease sales.


Oil and Natural Gas Prices 2013-14

NON-RENEWABLE RESOURCE REVENUE

- Non-renewable resource revenue was $9.6 billion. This was $2.3 billion higher than estimated in *Budget 2013* and $1.8 billion higher than in 2012-13.
- Global economic growth prospects continued to be uncertain and varied, but positive trends began to develop in 2013. Europe appears to have hit bottom and started to rebound, though struggles remain in several nations and with financial markets. The US economy strengthened in 2013. While developing nations' growth continued decelerating last year, the slow-down was from very high rates, and is stabilizing. Most oil demand and price increases over the last decade were tied to the torrid pace these nations experienced. These developments supported oil demand and prices.
- Supply disruptions from political unrest in the Middle East essentially offset the impact of accelerating US and Canadian production. As a result of these demand and supply factors, oil prices were higher than expected in *Budget 2013*.
- The WTI oil price averaged US$99.05 per barrel, $6.55 higher than estimated in *Budget 2013* and $6.98 higher than 2012-13. Bitumen prices also exceeded expectations, with Western Canadian Select averaging Cdn$80.11 per barrel, almost $12 higher than both the budget estimate and the 2012-13 actual. The light-heavy differential was 23%, 4% lower than the budget forecast of 27%, mainly from lower-than-expected bitumen production and increased use of rail transportation to access markets. Bitumen prices also continued to be considerably more volatile than WTI.
- The US-Canadian dollar exchange rate averaged US¢95/Cdn$ in 2013-14, 4 cents lower than the *Budget 2013* estimate. A lower rate increases oil and natural gas royalty revenue.
- As a result of higher oil prices and the lower exchange rate, bitumen royalties of $5.2 billion were $1.9 billion higher than budget and $1.7 billion higher than 2012-13. Conventional oil royalties of $2.5 billion were $861 million higher than estimated in *Budget 2013* and $438 million higher than 2012-13.
- Natural gas prices jumped significantly during the winter months, as cold weather increased demand. The Alberta Reference Price averaged Cdn$3.28 per gigajoule for 2013-14, 21 cents higher than budget and $1 higher than 2012-13. By-product prices were also higher as they track oil prices. While gross natural gas and by-product royalties increased, the gain was limited by the maximum 5% rate for new wells and wells qualifying for various royalty programs, and an increase in deductible costs of processing the royalty share. Natural gas and by-product royalties in 2013-14 were $1.1 billion, $138 million higher than budget and $149 million higher than in 2012-13.

Energy Prices and Exchange Rates

Fiscal year averages, 2001-02 to 2013-14

	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09	09-10	10-11	11-12	12-13	13-14
Oil Price (WTI US$/bbl)	24.13	29.04	31.38	45.03	59.94	64.89	82.25	85.94	70.71	83.38	97.33	92.07	99.05
WCS @ Hardisty (Cdn$/bbl)	-	-	-	-	44.35	52.84	59.30	74.36	66.08	66.70	80.72	68.48	80.11
Natural Gas Price (Cdn$/GJ)	3.57	4.72	5.45	6.05	8.29	5.94	5.92	6.97	3.58	3.28	2.98	2.28	3.28
Exchange rate (US¢/Cdn$)	63.9	64.6	74.0	78.4	83.9	87.9	97.1	89.6	91.9	98.4	100.7	99.9	95.0

- Crown land lease sales revenue was $588 million, down $560 million from budget and $465 million from 2012-13, due mainly to a lower number of hectares sold, and lower prices per hectare.

TAX REVENUE

- Total tax revenue was $20.3 billion, an increase of $1.2 billion from the *Budget 2013* estimate and $1.8 billion higher than in 2012-13.
- Personal income tax revenue was $10.5 billion, an increase of $536 million from the budget and $916 million from 2012-13, due mainly to strong employment, income and population growth, and to higher-than-expected 2012 tax year assessments. The higher assessments mean revenue reported in 2011-12 and 2012-13 was underestimated. This elevates the base for forecasting 2013-14 revenue and requires a positive prior years' adjustment of $231 million.
- Corporate income tax revenue was $5.5 billion, an increase of $545 million from the budget and $732 million from 2012-13. Cash instalment payments from corporations were higher than expected given the uncertainty around pipeline decisions, market access and the resulting swings in prices Alberta energy producers receive. Solid consumer, residential construction and machinery export sectors, coupled with stable costs partly tied to an expanding population and labour force, buoyed corporate profitability.
- Other tax revenue was $4.3 billion, an increase of $178 million from 2012-13 and $74 million from budget, mainly from higher property, insurance and fuel taxes.

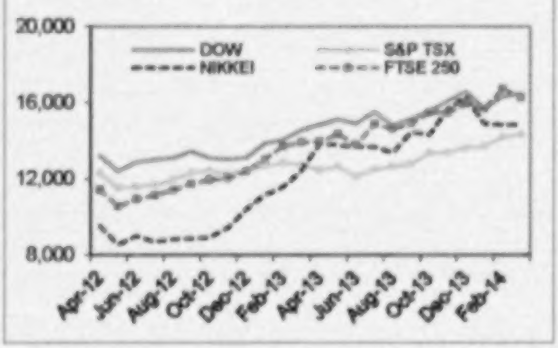
TRANSFERS FROM GOVERNMENT OF CANADA

- $6.7 billion, an increase of $1.6 billion from budget and $1.9 billion from 2012-13, almost entirely due to $1.6 billion in estimated assistance for the June 2013 floods. While Alberta received $500 million in March 2013, and will receive further payments in future years, the revenue (and associated expense) is all reported in 2013-14 per accounting standards. The additional increase from 2012-13 related primarily to higher health and social transfers.
- Transfers for agriculture and infrastructure programs were lower mainly due to the agriculture sector's excellent year and project re-profiling. Other transfers were higher primarily due to reception of cash for prior-years' disaster assistance.

INVESTMENT INCOME

- Investment income was $3.2 billion, $1.1 billion higher than budget, $735 million higher than 2012-13, and the second highest amount ever. Heritage and endowment fund income was boosted by strong returns in global equity markets during most of the fiscal year, and accounts for the majority of the increases.
- Contingency Account income was $227 million lower than in 2012-13, when withdrawals to fund the deficit resulted in realized gains included in income. In 2013-14, the average balance was lower, and fewer withdrawals were made.

Global Equity Markets 2012-14



OTHER REVENUE

- Other revenue was $5.4 billion, an increase of $384 million from the budget and $252 million from 2012-13, partly due to the impact of population growth on volume-driven revenue, strong investment returns and greater participation from agriculture producers.
- "Other" premiums, fees and licences increased mainly due to higher timber rentals and fees and payments-in-lieu-of-taxes from higher net income of Alberta Treasury Branches.
- "Miscellaneous" revenue was lower than budget primarily from delayed land sales in Fort McMurray.

ECONOMIC AND TAX HIGHLIGHTS

ECONOMIC HIGHLIGHTS

(Calendar year basis)

The Alberta economy continued to perform strongly in 2013, with estimated growth of 3.9%. This is the fourth consecutive year of growth above 3%. Alberta's population also reached a major milestone in 2013, surpassing four million.

The massive flooding in Southern Alberta in June 2013 caused extensive damage to personal and public property and temporary supply disruptions, but reconstruction efforts are also estimated to have boosted GDP and employment growth.

Alberta's population surged by 3.5% in 2013, the highest growth rate since 1981. There were 61,400 net new jobs created, while the unemployment rate held steady at 4.6%. The strong labour market attracted a record number of migrants: 52,551 international and 52,677 interprovincial.

This resulted in healthy Primary Household Income growth, estimated at 7.1%, and in average weekly earnings growth of 3.5%. These outpaced the 1.4% rise in consumer prices in 2013.

Robust income growth also buoyed demand for consumer goods and services, and new homes. Retail sales grew 6.9% in 2013, following the 7% recorded in 2012. Housing starts increased to 36,011 units, up 7.8% from 2012 and bucking the 12.5% decline in national starts. The new house price index rose by 2.8%, led by a 5.3% increase in Calgary.

Alberta's growing economy, population, and flood recovery boosted the non-residential construction sector, which rose 3.7%. Gains in industrial and institutional / government spending offset flat commercial investment. Despite strong activity, non-residential construction cost inflation remained below historic norms in both Calgary and Edmonton.

Despite continued market access issues due to pipeline network constraints, raw bitumen production increased 14.5% during the fiscal year. Oil prices gained strength last year: WTI averaged US$99.05 per barrel in 2013-14 and WCS, the benchmark for oil sands heavy oil blends, averaged Cdn$80.11.

The ongoing pipeline network constraints led to increasing use of rail, with the number of rail carloadings of fuel oils and crude petroleum from Western Canada jumping 71.5% in 2013. While the number of active rigs decreased gradually during the year, the number of meters drilled per well continued to increase, with horizontal drilling dominating.

After starting the fiscal year at close to parity with the US dollar, the Canadian dollar depreciated, averaging US¢95.0/Cdn$ in 2013-14. This boosted energy industry and government income as oil is priced in US dollars.

Alberta manufacturing continued to expand, increasing 3% in 2013, the fourth consecutive year of growth. Chemical manufacturing grew 10.9% and petroleum and coal shipments were up 3.9%.

Agriculture output remained near all-time highs as crop production soared 18.7% in 2013, helped by favourable growing conditions. Farm cash receipts, which include receipts from crop and livestock producers, were the second highest on record, only slightly lower than the record achieved in 2012.

TAX HIGHLIGHTS

Albertans and Alberta businesses continue to pay the lowest overall taxes in Canada. If Alberta had any other provincial tax system, Albertans and Alberta businesses would pay at least $11.6 billion more in taxes each year.

Alberta's single rate personal income tax achieves progressivity by offering high personal and spousal credit amounts, which proportionally benefit lower-income individuals more. Alberta also has no general sales tax or health premiums, which proportionally burden lower and middle income individuals more. Considering all taxes, Alberta's tax system is very progressive.

A new tax regime for qualifying environmental trust (QETs) was introduced effective 2014, to support saving for future site reclamation. It parallels the federal treatment and is similar to those in Saskatchewan, British Columbia and Ontario. It shifts the tax burden on QET earnings from the corporation to the QET.

Federal changes to the small business dividend tax credit that Alberta must parallel would have lowered the value of Alberta's credit. The Alberta credit was therefore adjusted effective 2014 to avert the tax increase that would have resulted.

NET FINANCIAL AND CAPITAL ASSETS

At March 31, 2014, on the **Fiscal Plan basis**, Government of Alberta financial and capital assets exceeded liabilities by $45 billion.

This was $755 million higher than March 31, 2013. A reduction of $1.5 billion in net financial assets, mainly due to a $4.1 billion increase in Capital Plan liabilities partly offset by a net $2.6 billion increase in savings in the Contingency Account, Heritage and endowment funds, and Agriculture Financial Services Corporation, is offset by a net $2.2 billion increase in capital assets.

FINANCIAL ASSETS

$54.1 billion at March 31, 2014.

- **Heritage Fund.** $15 billion book value, an increase of $193 million from March 31, 2013, resulting from inflation-proofing.
- **Contingency Account.** $4.7 billion, an increase of $1.3 billion from March 31, 2013. Additional cash of $1.3 billion from the improved 2013-14 fourth quarter results, reported in "other financial assets" at March 31, 2014, will be deposited into the Contingency Account in 2014-15, bringing the Account balance to $6 billion.
- **Endowment and other funds.** $3.6 billion, a $193 million increase from March 31, 2013, mainly from stronger-than-expected income. Includes the three endowment funds, Cancer Prevention Legacy Fund and Alberta Enterprise Corporation.
- **Self-supporting lending organizations.** $18.2 billion in financial assets of Alberta Capital Finance Authority and Agriculture Financial Services Corporation. These assets more than offset the liabilities of these organizations.
- **Equity in commercial enterprises.** $3.4 billion, primarily equity in Alberta Treasury Branches.
- **Capital Plan financing account.** $673 million, following a net withdrawal of $229 million from the account in 2013-14 The remaining funds will be available for 2014-15 capital spending.
- **Capital Plan Debt Repayment Account.** The $34 million deposit in 2013-14 reflects the initial annual downpayment to accumulate for future principal repayments of direct borrowing for the Capital Plan.
- **Other financial assets.** $8.5 billion. This includes the $1.3 billion that will be deposited in the Contingency Account after March 31, 2014. The remaining $7.2 billion represents accounts and interest receivable, natural gas royalty deposits, student loans and cash associated with future liabilities such as corporate income tax refunds.

LIABILITIES

$32.8 billion at March 31, 2014.

- **Self-supporting lending organizations.** $16.4 billion in liabilities of Alberta Capital Finance Authority and Agriculture Financial Services Corporation are more than offset by their $18.2 billion in financial assets.
- **Liabilities for capital projects.** $8.7 billion, a $4.1 billion increase from March 31, 2013, due to the addition of $332 million in P3 project liabilities, less $33 million in principal repayments, and $3.8 billion in direct borrowing.
- **Accounts and interest payable and other liabilities.** $7.7 billion. Includes natural gas royalty and security deposits, unearned revenue and trade payable and liabilities.

CAPITAL ASSETS

$23.7 billion at March 31, 2014.

- Includes land and land improvements, buildings, computer hardware and software, equipment, provincial highways, bridges, dams and other water management infrastructure.
- Capital assets increased by a net $2.2 billion in 2013-14.

CONSOLIDATED FINANCIAL STATEMENTS BASIS

At March 31, 2014, on the **Consolidated Financial Statements basis,** net assets were $53.9 billion. The broader basis includes the addition of:

- $9.2 billion in **financial assets,** and $19.5 billion in **capital / non-financial assets**, of SUCH sector entities and Alberta Innovates corporations;
- $5.8 billion in **liabilities** of SUCH sector entities and Alberta Innovates corporations;
- $11.6 billion in **pension liabilities**;
- $2.4 billion in **deferred capital contributions** (see page 20 for more information on the accounting change for transfers received for capital purposes).

Balance Sheet

(millions of dollars)

	at March 31		
	2014 Actual	2013 Actual	Change from 2013
Financial Assets			
Heritage Fund equity	15,006	14,813	193
Contingency Account	4,658	3,326	1,332
Endowment and other funds	3,556	3,363	193
Self-supporting lending organizations:			
Alberta Capital Finance Authority	14,250	12,662	1,588
Agriculture Financial Services Corporation	3,955	3,317	638
Equity in commercial enterprises	3,414	2,986	428
Capital Plan financing account	673	902	(229)
Capital Plan Debt Repayment Account	34	-	34
Other financial assets	8,542	7,052	1,490
Total Financial Assets	**54,088**	**48,421**	**5,667**
Liabilities			
Self-supporting lending organizations:			
Alberta Capital Finance Authority	14,250	12,662	1,588
Agriculture Financial Services Corporation	2,108	2,045	63
Liabilities for capital projects – alternative financing (P3s)	2,470	2,171	299
Liabilities for capital projects – direct borrowing	6,254	2,423	3,831
Accounts and interest payable and other liabilities	7,729	6,379	1,350
Liabilities	**32,811**	**25,680**	**7,131**
Net Financial Assets (total financial assets less liabilities)	**21,277**	**22,741**	**(1,464)**
Capital Assets	**23,707**	**21,488**	**2,219**
Net Assets on Fiscal Plan basis (net financial assets plus capital assets)	**44,984**	**44,229**	**755**
RECONCILIATION TO CONSOLIDATED FINANCIAL STATEMENTS BASIS			
SUCH sector / Alberta Innovates corporations financial assets	9,171	7,815	1,356
SUCH sector / Alberta Innovates corporations non-financial assets	19,525	20,329	(804)
SUCH sector / Alberta Innovates corporations liabilities	(5,816)	(5,249)	(567)
Pension liabilities	(11,600)	(10,852)	(748)
Deferred capital contributions [a]	(2,393)	(2,300)	(93)
	8,887	**9,743**	**(856)**
Net Assets on Consolidated Financial Statements basis [b]	**53,871**	**53,972**	**(101)**

[a] Accounting policy for recognizing transfers received for capital purposes changed effective April 1, 2012. In 2013-14: 1) $251 million in cash was received and a total of $306 million in cash was spent but reported as an increase to spent deferred capital contributions (DCC), rather than in revenue; 2) $139 million in previously-received transfers was removed from DCC and reported as revenue to match related assets' amortization expense; 3) a $74 million negative prior-period adjustment to spent DCC was required. As a result, spent DCC increased by a net $93 million ($306 less $139 less $74). More details are in the following "Fiscal Plan to Consolidated Financial Statements" section, and Schedule 12, p. 67.

[b] Change in Net Assets from 2012-13 of ($101) million differs from $302 million deficit by a $201 million opening net assets adjustment (see Note 12, p. 50).

FISCAL PLAN TO CONSOLIDATED FINANCIAL STATEMENTS REPORTING RECONCILIATION

The audited **Consolidated Financial Statements** in the Annual Report follow Canadian public sector accounting standards. While not required to, the **Fiscal Plan** documents, including the budget, generally follow the standards. There are several reporting differences. The Fiscal Plan basis:

- excludes change in valuation of pension liabilities;
- does not consolidate SUCH sector entities or Alberta Innovates corporations;
- does not defer recognition of revenue transferred for capital purposes, but reports it as it is spent.

Since the early 1990s, the **change in pension liabilities** has been excluded from expense for the Fiscal Plan basis. It is typically a significant non-cash expense, is based on actuarial evaluations, assumptions and investment returns, and is largely not subject to policy decision-making.

Only the grants provided to **Crown-controlled SUCH sector entities** (school boards, universities and colleges, and health entities) are included in expense for the Fiscal Plan basis. This is currently considered most appropriate for budgeting as it is more relevant to decision-makers, who determine the amount of grants and are evaluated for balancing the budget on this basis. The SUCH sector entities have varying degrees of autonomy to manage their budgets, once they receive the grants, to manage their assets and liabilities, and to raise some revenue themselves.

For the Consolidated Financial Statements basis, the SUCH sector has been included in government reporting since 2005-06. The broader reporting scope is relevant for the Consolidated Financial Statements since these entities are determined to be "controlled," and how they spend the grants provided, their results of operations and their overall net value are important for transparency and accountability purposes.

Beginning in 2009-10, the SUCH sector has been reported in the Consolidated Financial Statements on a **"line-by-line" basis**. This means:

- First, capital grants provided to the SUCH sector, included in expense on the Fiscal Plan basis, are removed from expense, and become capital investment in "government-owned assets." The costs of acquisition are expensed over time as the assets age (amortization expense).
- Second, the SUCH sector amortization of capital assets expense is added to expense.
- Third, government revenue is adjusted to "deferred capital contributions" accounting treatment.
- Finally, revenue, non-amortization expense, assets and liabilities, including deferred capital contributions, are directly added to government revenue, expense, assets and liabilities.

Also starting in 2009-10, the four **Alberta Innovates corporations** were excluded from the government reporting entity for Fiscal Plan purposes, to improve flexibility for multi-year research-grant recipients. The financial results are included on the line-by-line basis in the Consolidated Financial Statements.

Effective April 1, 2012, the government changed its accounting policy for recording **transfers received for capital purposes and donated capital assets**. Rather than being recorded as revenue when the cash is used for capital asset acquisition or the asset donated, a **"deferred capital contribution"** is recorded, similar to a liability, when cash or asset is received, and revenue is recognized over the related asset's useful life. The Fiscal Plan basis will continue to record these as revenue when cash is spent or the asset is donated.

An explanation of the differences between the Fiscal Plan and Consolidated Financial Statements follows.

FISCAL SUMMARY

Revenue

- On the Fiscal Plan basis, total 2013-14 revenue was $45.3 billion. The SUCH sector and Alberta Innovates corporations had additional "own-source" revenue of $4.2 billion, including:
  - $1.1 billion in post-secondary tuition fees;
  - $0.9 billion in sales, rentals and fees, consisting of revenue from parking operations, book stores, food services, facility rentals, equipment sales, professional services and various other sources;
  - $0.6 billion in donations, gifts and fundraising;
  - $0.6 billion in fees, mainly in the health sector, such as from WCB, non-Alberta patients or Emergency Medical Services, and school boards;
  - $0.4 billion in direct federal government transfers for advanced education and First Nation education programs;
  - $0.2 billion of opted-out school board property tax revenue;
  - $0.2 billion of investment income;
  - $0.2 billion of Alberta Innovates revenue.
- Adding this revenue, and adjusting Fiscal Plan revenue for "deferred capital contributions" (a net decrease of $0.1 billion), the Consolidated Financial Statements total revenue is $49.4 billion.

Expense

- On the Fiscal Plan basis, total 2013-14 expense was $44.5 billion.
- This includes capital grants provided to the SUCH sector, which ultimately become capital investment. As noted, this expense must be removed and instead amortization expense of SUCH capital assets added. Total 2013-14 SUCH amortization and inventory consumption expense exceeded capital grants by $1.1 billion.
- In 2013-14 the SUCH sector and Alberta Innovates corporations had additional net expense of $3.3 billion. This reflects the spending of their own-source revenue, for example, on education services, the costs of goods sold or services provided for fees.
- Pension provisions of $0.7 billion are added.
- Adding these increases, Consolidated Financial Statements total expense is $49.7 billion.

Surplus / (Deficit)

- On the Fiscal Plan basis, the 2013-14 change in net assets was $755 million. After adding the additional net revenue and expense, the Consolidated Financial Statements basis deficit was $302 million.

BALANCE SHEET

Assets

- On the Fiscal Plan basis, at March 31, 2014, the Government of Alberta had total financial assets of $54.1 billion and capital assets of $23.7 billion.
- SUCH sector and Alberta Innovates corporations had additional financial assets of $9.2 billion, and additional capital / non-financial assets of $19.5 billion, consisting mainly of buildings.
- Adding these financial and capital assets, on the Consolidated Financial Statements basis, at March 31, 2014, the Government of Alberta had total financial assets of $63.3 billion and capital / non-financial assets of $43.2 billion.

Liabilities

- On the Fiscal Plan basis, at March 31, 2014, the Government of Alberta had total liabilities of $32.8 billion.
- SUCH sector and Alberta Innovates corporations had additional liabilities of $5.8 billion, mainly accounts payable.
- Pension liabilities amounted to $11.6 billion at March 31, 2014.
- Liabilities for deferred capital contributions on March 31, 2014 were $2.4 billion.
- After adding these liabilities, on the Consolidated Financial Statements basis, at March 31, 2014, the Government of Alberta had total liabilities and deferred capital contributions of $52.6 billion.

Reconciliation Summary

FISCAL SUMMARY (Consolidated Statement of Operations)

(billions of dollars)

	2013-14	2012-13
Revenue – Fiscal Plan basis	45.3	38.8
Adjustment for deferred capital contributions	(0.1)	(0.1)
Add: SUCH / Alberta Innovates corporation own-source revenue	4.2	3.9
Revenue – Consolidated Financial Statements basis	49.4	42.5
Expense – Fiscal Plan basis	44.5	41.6
Adjustment for capital spending	1.1	1.0
Add: SUCH / Alberta Innovates corporation net expense	3.3	2.8
Add: pension provisions	0.7	0.3
Expense – Consolidated Financial Statements basis	49.7	45.6
Surplus/(Deficit) – Consolidated Financial Statements basis	(0.3)	(3.1)

BALANCE SHEET (Consolidated Statement of Financial Position)

(billions of dollars)

	at March 31	
	2014	2013
Financial Assets – Fiscal Plan basis	54.1	48.4
Add: SUCH / Alberta Innovates corporation financial assets	9.2	7.8
Financial Assets – Consolidated Financial Statements basis	63.3	56.2
Capital Assets – Fiscal Plan basis	23.7	21.5
Add: SUCH / Alberta Innovates corporation non-financial assets	19.5	20.3
Capital / Non-financial Assets – Consolidated Financial Statements basis	43.2	41.8
Liabilities – Fiscal Plan basis	(32.8)	(25.7)
Add: SUCH / Alberta Innovates corporation liabilities	(5.8)	(5.2)
Add: pension liabilities	(11.6)	(10.9)
Liabilities – Consolidated Financial Statements basis	(50.2)	(41.8)
Deferred capital contributions	(2.4)	(2.3)
Net Assets – Consolidated Financial Statements basis	53.9	54.0

Historical Fiscal Summary, 1995-96 to 2013-14

(Fiscal Plan basis[a] – millions of dollars)

	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Income Statement																			
Revenue																			
1 Personal income tax	3,177	3,445	3,877	4,601	5,100	3,943	4,183	4,834	4,613	4,649	4,677	7,622	8,271	8,708	7,877	7,631	8,563	9,621	10,537
2 Corporate income tax	1,332	1,407	1,849	1,659	1,255	2,023	2,229	2,019	1,696	2,364	2,917	3,606	4,695	4,252	4,754	3,334	3,678	4,756	5,488
3 Education property tax	1,205	1,169	1,212	1,118	1,128	1,151	1,094	1,113	1,178	1,247	1,283	1,330	1,393	1,466	1,532	1,589	1,660	1,776	1,860
4 Other tax revenue	1,112	1,157	1,218	1,178	1,241	1,386	1,469	1,633	1,838	1,918	1,990	2,138	2,180	2,175	2,029	2,040	2,241	2,345	2,439
5 Resource revenue	2,786	4,034	3,778	2,368	4,650	10,586	6,227	7,130	7,676	9,744	14,347	12,260	11,024	11,915	6,768	8,428	11,636	7,779	9,578
6 Investment income	1,724	1,616	1,747	1,610	1,906	1,353	788	(462)	1,838	1,812	2,348	3,013	2,414	(1,917)	3,413	2,360	2,059	2,490	3,225
7 Other own-source revenue	2,431	2,473	2,890	2,950	3,183	3,272	3,672	4,321	4,122	4,375	4,588	4,971	5,144	5,027	4,344	4,627	4,929	5,185	5,437
8 Total own-source revenue	13,767	15,301	16,571	15,484	18,463	23,714	19,662	20,588	22,961	26,109	32,150	34,940	35,121	31,626	30,717	30,009	34,766	33,952	38,564
9 Federal transfers	1,748	1,351	1,183	1,335	1,640	1,813	2,264	2,074	2,926	3,219	3,392	3,077	3,048	4,185	4,941	5,025	4,777	4,804	6,729
10 **Total Revenue**	15,515	16,652	17,754	16,819	20,103	25,527	21,926	22,662	25,887	29,328	35,542	38,017	38,169	35,811	35,658	35,034	39,543	38,756	45,293
Expense by Function [b,c]																			
11 Health	3,773	4,006	4,401	4,660	5,341	5,946	6,846	6,917	7,646	9,059	9,709	10,880	12,286	13,107	13,180	15,034	15,562	16,529	17,091
12 Basic / advanced education	3,713	3,738	4,081	4,241	4,735	5,040	6,099	5,461	5,854	6,370	6,900	7,817	8,886	9,411	9,538	9,276	9,271	9,311	9,095
13 Social services	1,456	1,511	1,564	1,560	1,668	1,790	1,942	2,108	2,272	2,438	2,707	2,879	3,117	3,418	3,807	4,130	4,278	4,641	4,762
14 Other program expense	3,739	3,446	3,727	3,885	4,612	5,200	5,184	5,567	5,708	5,984	7,427	7,716	9,085	10,519	9,802	9,532	9,956	10,605	13,000
15 Total program expense	12,681	12,701	13,773	14,346	16,356	17,976	20,071	20,053	21,480	23,851	26,743	29,292	33,374	36,455	36,327	37,972	38,944	41,086	43,948
16 Debt servicing costs	1,683	1,462	1,322	1,379	956	980	774	476	271	302	248	215	214	208	363	472	499	512	590
17 **Total Expense**	14,364	14,163	15,095	15,725	17,312	18,956	20,845	20,529	21,751	24,153	26,991	29,507	33,588	36,663	36,690	38,444	39,566	41,598	44,538
18 **Surplus / (Deficit)**	1,151	2,489	2,659	1,094	2,791	6,571	1,081	2,133	4,136	5,175	8,551	8,510	4,581	(852)	(1,032)	(3,410)	(23)	(2,842)	755
19 **Capital Plan** [d]	939	821	1,310	1,256	1,878	2,091	2,860	997	1,659	2,842	3,743	4,769	6,971	7,593	6,528	5,889	5,871	5,087	5,002
Balance Sheet (at March 31)																			
20 Net Financial Assets (Debt)	(6,255)	(3,728)	(1,089)	(63)	2,654	9,042	9,814	11,696	15,607	20,395	28,318	36,047	39,410	36,954	33,017	28,114	26,728	22,741	21,277
21 Capital Assets	7,411	7,292	7,215	7,218	7,259	8,002	10,141	10,309	10,534	10,921	11,552	12,429	14,140	15,848	17,532	18,975	20,342	21,488	23,707
22 **Net Assets / (Debt)**	1,156	3,564	6,126	7,155	9,913	17,044	19,955	22,005	26,141	31,316	39,870	48,476	53,550	52,802	50,549	47,089	47,070	44,229	44,984
23 Balance sheet adjustments[e]	309	81	97	65	33	(560)	(1,830)	83	-	-	(3)	(96)	(493)	(104)	1,221	50	(4)	(1)	-
24 Change in Net Assets (net of balance sheet adjustments)	1,151	2,489	2,659	1,094	2,791	6,571	1,081	2,133	4,136	5,175	8,551	8,510	4,581	(852)	(1,032)	(3,410)	(23)	(2,842)	755

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[a] The Fiscal Plan basis excludes revenue, expense, assets and liabilities of Crown-controlled SUCH sector entities and Alberta Innovates corporations, pension liabilities and the expense related to the annual change in pension liabilities.

[b] Excludes change in pension liabilities. Beginning in 1996-97, valuation adjustments are allocated by function rather than included in other program expense.

[c] As there has been numerous accounting policy changes over time, the numbers are not strictly comparable. Recent examples include the reporting of certain items (transfers through the tax system, crude oil marketing and transportation costs) on a gross basis, instead of reporting revenue net of the expense.

[d] Reflects capital grants and other support included in expense, and capital investment in government-owned assets not included in expense. Capital investment adds to capital assets, which are depreciated over time through amortization expense. Beginning April 1, 2013, infrastructure assets of school boards, universities, colleges and health entities (SUCH sector) funded by the province for which construction is commencing or is less than 50% completed, are being included in provincial capital assets.

[e] The balance sheet adjustments are for various reasons; with the most significant being the transfer of highways from municipalities to the Province (2000-01 $0.6 billion and 2001-02 $1.8 billion) and the provincial borrowings to repay the Teacher's Pension Plan liability (2009-10 $1.2 billion).

CONSOLIDATED FINANCIAL STATEMENTS

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Consolidated Financial Statements of the Province of Alberta

Year Ended March 31, 2014

INTRODUCTION

The financial statements of the Province of Alberta are a consolidation of ministry financial statements, which themselves are a consolidation of the financial statements of departments, regulated funds, provincial agencies, Crown-controlled corporations, SUCH sector organizations, and Crown-controlled research institutions, for which separate or summary financial statements are presented in ministry annual reports. SUCH is an acronym for schools, universities, colleges and hospitals. However, the term "Crown-controlled SUCH sector organizations" is used to describe a much broader list of organizations, including school boards, technical institutes, Alberta Health Services, and other health entities. A listing of these organizations is provided in Schedule 14 of the financial statements.

The method of consolidation is described in the Accounting Policies note (Note 1) that forms part of the financial statements.

Management's Responsibility for the Consolidated Financial Statements

The consolidated financial statements are prepared by the Controller under the general direction of the Deputy Minister of Treasury Board and Finance as authorized by the President of Treasury Board and Minister of Finance pursuant to the *Financial Administration Act.* The consolidated financial statements are prepared in accordance with Canadian public sector accounting standards, and of necessity include some amounts that are based on estimates and judgements. As required by the *Fiscal Management Act,* the consolidated financial statements are included in the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

To fulfill its accounting and reporting responsibilities, management maintains systems of financial management and internal control which give consideration to costs, benefits and risks, and which are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability for public money, and
- safeguard the assets and properties of the Province of Alberta under government administration.

Under the *Financial Administration Act,* deputy heads are responsible for the collection of revenue payable to the Crown, and for making and controlling disbursements with respect to their departments. They are also responsible for prescribing the accounting systems to be used in their departments. In order to meet government accounting and reporting requirements, the Controller obtains information relating to departments, regulated funds, provincial agencies, Crown-controlled corporations, schools, universities, colleges, technical institutes, Alberta Health Services and other health entities from ministries as necessary.

The consolidated financial statements are reviewed by the Provincial Audit Committee established under the *Auditor General Act.* The Provincial Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of the consolidated financial statements of the Province.

The Auditor General of Alberta provides an independent opinion on the consolidated financial statements prepared by the government. The duties of the Auditor General in that respect are contained in the *Auditor General Act.*

Annually, the consolidated annual report is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Approved by:

Ray Gilmour, MBA, CMA, BSA, ICD.D
Deputy Minister of Treasury Board and Finance

Darwin Bozek, CGA
Controller

Edmonton, Alberta

June 18, 2014

Independent Auditor's Report

To the Members of the Legislative Assembly

Report on the Consolidated Financial Statements

I have audited the accompanying consolidated financial statements of the Province of Alberta which comprise the consolidated statement of financial position as at March 31, 2014, and the consolidated statements of operations, change in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Province of Alberta as at March 31, 2014, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Emphasis of Matter

I draw attention to Note 1 and Note 5 of the consolidated financial statements that describe the constructed budget included on the consolidated statement of operations and consolidated statement of change in net financial assets. My opinion is not qualified in respect of this matter.

[Original signed by Merwan N. Saher, FCA]

Auditor General
June 18, 2014
Edmonton, Alberta

Consolidated Statement of Operations

Year Ended March 31

	2014		2013
	Constructed Budget [a] (Notes 1 and 5)	**Actual**	**Actual**
		In millions	
Revenues (Schedule 1)			
Income taxes	$ 14,944	$ 16,023	$ 14,376
Other taxes	4,225	4,500	4,333
Non-renewable resource revenue	7,250	9,578	7,780
Transfers from Government of Canada	5,586	5,477	5,042
2013 Alberta flood assistance (Note 6)	-	1,582	-
Net income from government business enterprises (Schedule 6)	2,478	2,541	2,487
Net investment income	2,303	3,423	2,595
Premiums, fees and licences	2,195	2,350	2,147
Other	3,600	3,960	3,784
	42,581	49,434	42,544
Expenses by function (Schedules 2 and 3)			
Health	18,227	17,967	17,254
Education	12,717	12,782	12,394
Social services	4,669	4,668	4,641
Transportation, communications and utilities	1,799	1,806	1,945
Agriculture, resource management and economic development	2,168	2,217	2,510
Protection of persons and property	1,580	1,737	1,805
Regional planning and development	1,157	1,142	1,113
Recreation and culture	336	324	377
Housing	281	183	188
Environment	360	352	389
General government	1,925	2,303	2,201
Debt servicing costs	634	601	530
Pension provisions (Schedule 10)	237	748	296
2013 Alberta flood (Note 6)	-	2,906	-
	46,090	49,736	45,643
Annual deficit	(3,509)	(302)	(3,099)
Net assets at beginning of year - as previously reported	53,972	53,972	59,113
Adjustments to net assets (Note 12)	-	201	(2,042)
Net assets at end of year	$ 50,463	$ 53,871	$ 53,972

(a) Constructed Budget is the result of revising the Province's Fiscal Plan to the same basis and scope of reporting as that used in the consolidated financial statements.

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statement of Financial Position

As at March 31

	2014	2013
	In millions	
Financial assets		
Cash and cash equivalents (Schedule 4)	$ 6,728	$ 6,419
Accounts and accrued interest receivable	6,466	4,467
Portfolio investments (Note 11 and Schedule 5)	30,703	27,994
Equity in government business enterprises (Schedule 6)	3,415	2,987
Loans and advances (Schedule 7)	15,796	14,190
Inventories for resale	151	179
	63,259	56,236
Liabilities		
Accounts and accrued interest payable	12,631	10,740
Unmatured debt (Schedule 8)	9,514	5,582
Debt of Alberta Capital Finance Authority (Schedule 9)	13,848	12,325
Pension liabilities (Schedule 10)	11,600	10,852
Unspent deferred capital contributions (Schedule 12)	165	112
Liabilities under public private partnerships (Note 7)	2,469	2,170
	50,227	41,781
Net financial assets	13,032	14,455
Non-financial assets		
Tangible capital assets (Schedule 11)	42,839	41,469
Inventories of supplies	173	166
Prepaid expenses	220	182
	43,232	41,817
Net assets before deferred capital contributions	56,264	56,272
Spent deferred capital contributions (Schedule 12)	(2,393)	(2,300)
Net assets	$ 53,871	$ 53,972

Contractual obligations and contingent liabilities (Notes 8 and 9)

Endowment funds (Note 11)

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statement of Change in Net Financial Assets

Year Ended March 31

	2014		2013
	Constructed Budget (Notes 1 and 5)	**Actual**	**Actual**
		In millions	
Annual deficit	$ (3,509)	$ (302)	$ (3,099)
Acquisition of tangible capital assets and inventories of supplies	(4,017)	(3,984)	(4,222)
Additions to public private partnerships, capital leases and donated capital	(344)	(380)	(295)
Amortization of tangible capital assets and consumption of inventories of supplies	2,730	2,876	2,721
Net gain on disposal and write-down of tangible capital assets	-	72	73
Proceeds on sale of tangible capital assets	-	39	87
Net increase in spent deferred capital contributions	-	93	297
Increase in prepaid expenses	-	(38)	(34)
Change in accumulated unrealized gains (losses) (Schedule 6)	-	47	(50)
Net increase in endowments (Note 12)	-	137	65
Change in accounting policy (Note 12)	-	62	-
Reclassification of land to inventories for supplies	-	-	(24)
Consolidation adjustments relating to excluded entities	-	(42)	(44)
Other	-	(3)	(11)
Decrease in net financial assets	(5,140)	(1,423)	(4,536)
Net financial assets at beginning of year	14,455	14,455	18,991
Net financial assets at end of year	$ 9,315	$ 13,032	$ 14,455

The accompanying notes and schedules are part of these consolidated financial statements.

Consolidated Statement of Cash Flows

Year Ended March 31

	2014	2013
	In millions	
Operating transactions		
Annual deficit	$ (302)	$ (3,099)
Non-cash items		
Amortization of tangible capital assets and consumption of inventories of supplies	2,876	2,721
Deferred capital contributions recognized as revenue	(139)	(117)
Other	32	86
	2,467	(409)
(Increase) decrease in receivables	(2,037)	469
Increase (decrease) in payables	1,892	(703)
Other	20	(24)
Cash provided by (used in) operating transactions	2,342	(667)
Capital transactions		
Acquisition of tangible capital assets and inventories of supplies	(3,984)	(4,222)
Proceeds on sale of tangible capital assets	39	87
Cash applied to capital transactions	(3,945)	(4,135)
Investing transactions		
Purchase of portfolio investments	(15,085)	(9,210)
Disposals of portfolio investments	12,860	14,252
Loans and advances made	(2,579)	(2,789)
Repayment of loans and advances	955	293
Cash (used in) provided by investing transactions	(3,849)	2,546
Financing transactions		
Debt retirement	(12,831)	(14,829)
Debt issues	18,261	16,916
Contributions restricted for capital	251	439
Repayment of liabilities under capital leases and public private partnerships	(33)	(66)
Other	113	28
Cash provided by financing transactions	5,761	2,488
Increase in cash and cash equivalents	309	232
Cash and cash equivalents at beginning of year	6,419	6,187
Cash and cash equivalents at end of year	$ 6,728	$ 6,419

The accompanying notes and schedules are part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

March 31, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These consolidated financial statements are prepared in accordance with Canadian public sector accounting standards.

(a) REPORTING ENTITY

These consolidated financial statements include the accounts of all organizations that are controlled by the Province, including government sector entities included in the Fiscal Plan and entities excluded from the Fiscal Plan. Entities excluded from the Fiscal Plan include Crown-controlled research institutions and Crown-controlled SUCH sector organizations. SUCH is an acronym for schools, universities, colleges and hospitals. However, the term "Crown-controlled SUCH sector organizations" is used to describe a much broader list of organizations including school boards, technical institutes, Alberta Health Services, and other health entities.

A listing of these organizations is provided in Schedule 14.

(b) METHOD OF CONSOLIDATION

The accounts of government sector Fiscal Plan entities and entities excluded from the Fiscal Plan, except those designated as government business enterprises, are consolidated using the line-by-line method. Under this method, accounting policies of the consolidated entities are adjusted to conform to government accounting policies and the results of each line item in their financial statements (revenue, expense, assets, and liabilities) are included in the government's results. Revenue, expense, capital, investing and financing transactions, as well as related asset and liability balances between consolidated entities have been eliminated. Asset retirement obligations of the SUCH sector organizations have been included in the Province's financial statements.

The public sector accounting standards require that financial statements contain a comparison of the actual and budgeted results for the year. When a government's fiscal plan is not prepared on a basis consistent with that used to report the actual results, planned results should be reported on the same basis as that used to report the results of the current period. The budget is prepared based on the fiscal framework detailed in the *Fiscal Management Act* and differs from the scope and accounting policies used in the province's consolidated financial statements. When there is a difference in the basis of reporting for financial statement purposes and basis for the budget, the budget is revised to conform to the accounting policy used for actual results. The revised budget is called the Constructed Budget. Note 5 presents a reconciliation between the budget under the *Fiscal Management Act* and the adjustments to conform to the Constructed Budget for financial reporting purposes. The Constructed Budget is presented on the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Assets.

Schools, colleges, technical institutes, government business enterprises and some provincial agencies have year ends that are other than March 31. The significant transactions of these organizations that have occurred during the period between their year ends and the Province's year end of March 31, 2014, have been recorded in these financial statements.

The accounts of provincial agencies designated as government business enterprises, such as ATB Financial (see Schedule 6), are accounted for on the modified equity basis, with the equity being computed in accordance with the International Financial Reporting Standards. Under the modified equity method, the accounting policies of government business enterprises are not adjusted to conform to those of the government sector entities. Inter-sector revenue and expense transactions and related asset and liability balances are not eliminated.

(c) FUTURE CHANGES IN ACCOUNTING POLICY

PS 3450 Financial Instruments

Items within the scope of the section are assigned to one of two measurement categories: fair value, or cost or amortized cost. Fair value measurement will apply to derivatives and portfolio investments in equity instruments that are quoted in an active market. Also, when groups of financial assets and financial liabilities are managed on a fair value basis they may be reported on that basis. Other financial assets and financial liabilities will generally be measured at cost or amortized cost. Until an item is derecognized, gains and losses arising due to fair value remeasurement will be reported in the Statement of Remeasurement Gains and Losses.

The Province, including ministries and departments, has not yet adopted this standard and has the option of adopting it in fiscal year 2016-17 or earlier. Adoption of this standard requires corresponding adoption of: PS 2601 Foreign Currency Translation, PS 1201 Financial Statement Presentation, and PS 3041 Portfolio Investments in the same fiscal period. The Province is currently analyzing the impact of these standards on its financial statements.

PS 3260 Liability for Contaminated Sites

The Public Sector Accounting Board issued this accounting standard effective for fiscal years starting on or after April 1, 2014. Contaminated sites are a result of contamination being introduced into air, soil, water, or sediment of a chemical, organic, or radioactive material, or live organism that exceeds an environmental standard. The Province will recognize a liability related to the remediation of such contaminated sites.

The Province is currently analyzing the impact of this standard on its financial statements.

(d) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recorded as unearned revenue and included in accounts payable.

Corporate income tax revenue is recognized when installments are received from taxpayer corporations. Corporate income tax refunds payable are accrued based on the prior year's corporate income tax refunds paid on assessments. Corporate income tax receipts from corporations in anticipation of an upward reassessment of Alberta income tax payable are described as corporate income tax receipts in abeyance and recorded as accounts payable. The Province calculates an allowance for corporate income taxes based on the flow of the accounts receivable and ultimate collectibility of these amounts. Corporate income tax receivable is presented net of this allowance. The change in allowance provision is an expense.

Personal income tax is recognized on an accrual basis based on an economic estimate of the various components of personal income tax for the fiscal year. Gross personal income tax for the taxation year is a key component of the estimate for the fiscal year.

The provincial tax system is predicated on self-assessment where taxpayers are expected to understand the tax laws and comply with them. This has an impact on the completeness of tax revenues when taxpayers fail to comply with tax laws, for example, if they do not report all of their income. The Province has implemented systems and controls in order to detect and correct situations where taxpayers are not complying with the various Acts it administers. These systems and controls include performing audits of taxpayer records when determined necessary. However, such procedures cannot identify all sources of unreported income or other cases of non-compliance with tax laws. The Province does not estimate the amount of unreported tax.

Non-renewable resource revenue is reported based on royalties on oil and gas produced during the year.

The provincial royalty system is predicated on self-reporting where the petroleum and natural gas industry is expected to understand the relevant energy legislation (statutes and regulations) and comply with them. This has an impact on the completeness of revenue when the petroleum and natural gas industry does not fully meet the legislative requirements, for example, by reporting inaccurate or incomplete production data. The Province has implemented systems and controls in order to detect and correct situations where the petroleum and natural gas industry has not complied with the various Acts and regulations the Province administers. These systems and controls, based on areas of highest risk, include performing audits of the petroleum and natural gas industry records when determined necessary. The Province does not estimate the effect of misreported revenue.

Transfers from the Government of Canada for capital purposes and donated assets are recorded as deferred capital contributions and recorded as revenue over the useful life of the tangible capital assets based on relevant stipulations of the transfer taken together with the actions and communications of the Province.

Expenses

Expenses represent the cost of resources consumed during the year on government operations. Expenses include provisions for amortization of acquired tangible capital assets and expenses incurred in accordance with the terms of approved grant programs. Grants are recognized as expenses when authorized, eligibility criteria, if any, are met, and a reasonable estimate of the amounts can be made.

Pension costs comprise the cost of pension benefits earned by employees during the year, interest on the Province's share of the unfunded pension liabilities, and the amortization over the expected average remaining service life of employees of deferred adjustments arising from experience gains and losses and changes in actuarial assumptions. Schedule 10 provides additional information on the components of pension liabilities.

In the Consolidated Statement of Operations, pension costs of government sector entities which are funded are included in expenses by function and costs which have not been funded are recorded as pension provisions.

Costs arising from obligations under guarantees and indemnities are recorded as expenses when management determines that the Province will likely be called upon to make payment. The expense represents management's best estimate of future payments less recoveries.

The estimated increase or decrease for the year in accrued employee vacation entitlements is recorded in the appropriate expense function.

Financial Assets

Financial assets are the government's financial claims on external organizations and individuals, and inventories for resale at the year end.

Cash includes deposits in banks and cash in transit. Cash equivalents include directly held interest bearing securities with terms to maturity of primarily less than three months.

Portfolio investments authorized by legislation to provide income for the long term or for other special purposes are recorded at cost. Cost includes amortization of discount or premium using the straight line method over the life of the investments. Realized gains and losses on disposals of these investments are included in calculating the net operating results for the year. If an investment loses value that is other than a temporary decline, its recorded value is reduced to reflect the loss. The reduced value is deemed to be the new cost.

Endowment fund assets are included in Portfolio investments and Net assets in the Consolidated Statement of Financial Position.

Loans are recorded at cost less any discounts and allowance for credit loss.

Inventories for resale representing the Province's share of royalty oil in feeder and trunk pipelines are recorded at the lower of cost or net realizable value. Other inventories for resale are valued at the lower of cost, determined on a first-in, first-out basis, and estimated net realizable value.

Liabilities

Liabilities represent present obligations of the government to external organizations and individuals arising from transactions or events occurring before the year end. They are recorded when there is an appropriate basis of measurement and management can reasonably estimate the amount.

The value of pension liabilities and associated changes during the year are based on an actuarial extrapolation of the most recent actuarial valuation. This valuation technique uses the projected benefit method pro-rated on service, and management's best estimate as at the extrapolation date of various economic and non-economic assumptions. Where the Province is a participating employer in the plan, experience gains and losses to the extent of the Province's employer share are amortized over the estimated average remaining service life of employees.

Debentures included in unmatured debt are recorded at their face amount less unamortized discount, which includes issue expenses and hedging costs.

Income or expense on interest rate swaps used to manage interest rate exposure is recorded as an adjustment to debt servicing costs.

Liabilities also include:

- all financial claims payable by the Province at the year end,
- contingent liabilities where future liabilities are likely,
- estimates of the Province's liabilities for site remediation and reclamation,
- accrued employee vacation entitlements, and
- asset retirement obligations of the SUCH sector organizations.

Non-financial Assets

Non-financial assets are limited to tangible capital assets, inventories of supplies and prepaid expenses.

Tangible capital assets of government business enterprises are included in the Consolidated Statement of Financial Position within Equity in government business enterprises. Tangible capital assets acquired by right, such as Crown lands, forests, water and mineral resources, are not included on the Consolidated Statement of Financial Position. Post-secondary institutions and certain departments have collections consisting of historical artifacts and provincial, national and international works of art. The value of these collections is not recognized in these financial statements.

Tangible capital assets are valued at cost less accumulated amortization. Amortization is provided on a straight-line basis over the periods expected to benefit from their use (see Schedule 11). The annual amortization costs are allocated to the functions of the government that employ those assets and are reported on the Consolidated Statement of Operations.

Inventories of supplies are valued at the lower of cost, determined on a first-in, first-out basis, and replacement cost.

Derivative Contracts

Income and expense from derivative contracts are recorded as investment income or debt servicing costs. Certain derivative contracts, which are primarily interest rate swaps reported as interest rate derivatives for which there is an underlying matching asset and liability, are recorded at cost plus accrued interest. Gains and losses from these derivatives are recognized in the same period as the gains and losses of the underlying assets and liabilities.

Other derivative contracts without an underlying matching asset and liability, which are primarily bond index swaps reported as interest rate derivatives, equity index swaps and equity index futures reported as equity replication derivatives, and forward foreign exchange contracts reported as foreign currency derivatives, are recognized at fair value (see Note 4) in portfolio investments and net investment income.

The estimated amounts receivable and payable from derivative contracts are included in accrued interest receivable and payable respectively.

Foreign Currency

Assets and liabilities denominated in foreign currency are translated at the year end exchange rate.

Foreign currency transactions are translated into Canadian dollars using average exchange rate for the day, except for hedged foreign currency transactions which are translated at exchange rates established by the terms of the forward exchange contracts.

Exchange gains and losses that arise on translation of fixed term foreign currency denominated monetary items are deferred and amortized over the life of the contract.

Amortization of deferred exchange gains and losses and other exchange differences on unhedged transactions are included in the determination of the net operating results for the year.

Public Private Partnerships

A public private partnership (P3) is defined as a cooperative venture based on contractual obligations between one or more public/private/not-for-profit partners that meet clearly defined public needs for the provision of goods or services.

The Province accounts for P3 projects in accordance with the substance of the underlying agreements. These agreements are accounted for the same way as capital leases as follows:

- The capital asset is valued at the total of progress payments made during construction and net present value of the future payments, discounted using the Government of Alberta's estimated borrowing rate for long term debt at the time of signing the P3 agreement.

- The liability is valued at the net present value of the future payments, discounted using the Government of Alberta's borrowing rate for long term debt at the time of signing the P3 agreement.
- During construction, the capital asset (classified as work-in-progress) and the corresponding liability are recorded based on the estimated percentage complete.
- Amortization on a straight-line basis over the estimated useful life commences when the asset is in service.

Measurement Uncertainty

Estimates are used in accruing revenues, expenses, assets and liabilities in circumstances where the actual results are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonably possible amount, as there is whenever estimates are used.

Measurement uncertainty that is material to these financial statements exists in the accrual of personal and corporate income taxes; royalties derived from non-renewable resources; health transfers and Canada social transfer entitlements; private investments, inflation sensitive and alternative investments; pension liabilities, and accrued liabilities and accounts receivable related to the 2013 Alberta flooding.

Personal income tax revenue of $10,537 million (2013: $9,621 million), see Schedule 1, is subject to measurement uncertainty due primarily to the use of economic estimates of personal income growth. Personal income growth is inherently difficult to estimate due to subsequent revisions to personal income data. The estimate of personal income growth used in determining personal income tax for the current fiscal year is 6.7% (2013 Restated: 6.8%).

Corporate income tax revenue of $5,358 million (2013: $4,713 million), see Schedule 1, is subject to measurement uncertainty due primarily to the timing differences between tax collected and future tax assessments, along with the estimate for allowance for doubtful accounts.

Natural gas and by-products royalty of $1,103 million (2013: $955 million), and bitumen royalty of $5,222 million (2013: $3,560 million), see Schedule 1, are subject to measurement uncertainty. Natural gas and by-products royalty is calculated based on allowable costs incurred by the royalty payers and production volumes that are reported to the Province by royalty payers. These costs and volumes could vary significantly from that initially reported. The Province estimates what the costs, volumes and royalty rates for the fiscal year should be based on statistical analysis of industry data. For projects from which bitumen royalty is paid and the project has reached payout, the royalty rate used to determine the royalties is based on the average price of West Texas Intermediate crude oil in Canadian dollars for the calendar year. Royalty rates will start at 25% of net profits when oil is priced at fifty five dollars per barrel or less, and increase to a maximum of 40% of net profits when oil is priced at one hundred and twenty dollars or more. Payout is defined at the first date at which the cumulative revenue of a project first equals the cumulative cost of the project.

Health transfers and Canada social transfer entitlements are subject to uncertainty relating to the tax transfer component. The current value of income tax points (personal and corporate) transferred historically by the federal government are used to adjust the entitlements. The value of the tax transfer amounts is unknown at year end because the tax years have not yet been assessed. Accordingly, these amounts are estimated and could change by a material amount.

The fair value of private equities, inflation sensitive and alternative investments of $5,543 million (2013: $5,404 million), see Schedule 5, are subject to measurement uncertainty as the fair value may differ significantly from the values that would have been used had a ready market for these investments existed.

Pension liabilities of $11,600 million (2013: $10,852 million), see Schedule 10, are subject to measurement uncertainty because a plan's actual experience may differ significantly from assumptions used in the calculation of the plan's accrued benefits.

Included in the Disaster Recovery Program amount is $2,007 million (2013: $nil) of accrued liabilities for the 2013 Alberta Flooding which is subject to measurement uncertainty because damage is still being assessed. The nature of the uncertainty for the Government of Canada accounts receivable and Disaster Recovery Program accrued liabilities arises from changes in the actual disaster costs to the estimated disaster costs. These changes can be attributed to such factors as construction cost fluctuations, receipts of eligible claims and the level of work and time required to recover from disaster events.

The accounts of SUCH sector organizations are consolidated based on the results of their latest financial year end. Some of these entities have year ends that are other than March 31. Estimation of transactions for the period between their year ends and March 31 is therefore subject to measurement uncertainty.

While best estimates have been used for reporting items subject to measurement uncertainty, management considers that it is possible, based on existing knowledge, that changes in future conditions in the near term could require a material change in the recognized amounts. Near term is defined as a period of time not to exceed one year from the date of the financial statements.

Segment Disclosure

Sector information is reported in Schedules 1, 2 and 6 and is based on accountability, budgetary practices and governance relationships within the reporting entity. Additional information is provided in ministry and other entity annual reports.

NOTE 2 VALUATION OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

Due to their short term nature, the fair values of cash and cash equivalents, accounts and accrued interest receivable, accounts and accrued interest payable, and other accrued liabilities are estimated to approximate their book values.

The methods used to determine the fair values of portfolio investments are explained in the following paragraphs:

> Public fixed-income securities and equities are valued at the year-end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.
>
> Mortgages and certain non-public provincial debentures are valued at the net present value of future cash flows. These cash flows are discounted using appropriate interest rate premiums over similar Government of Canada benchmark bonds trading in the market.
>
> The fair value of alternative investments including absolute return strategy investments, investments in limited partnerships, private investment funds, private equities and securities with limited marketability is estimated using methods such as cost, discounted cash flows,

earnings multiples, prevailing market values for instruments with similar characteristics and other pricing models as appropriate.

Real estate investments are reported at their most recent appraised value, net of any liabilities against the real property. Real estate properties are appraised annually by qualified external real estate appraisers using methods such as replacement cost, discounted cash flows, earnings multiples, prevailing market values for properties with similar characteristics and other pricing models as appropriate.

Because quoted market prices are not readily available for private and alternative investments and private real estate, estimated fair values may not reflect amounts that could be realized upon immediate sale, or amounts that may ultimately be realized. Accordingly, estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments.

The fair value of loans and advances made under the authority of the *Alberta Capital Finance Authority Act* is based on the net present value of future cash flows discounted using the Alberta Capital Finance Authority's (the Authority) current cost of borrowing. Fair values of other loans and advances, including those made under the authority of the *Agriculture Financial Services Act*, are not reported due to there being no organized financial market for the instruments and it is not practicable within constraints of timeliness or cost to estimate the fair values with sufficient reliability. The fair value of unmatured debt and debt held by the Authority is an approximation of its fair value to the holder.

The fair value of derivative contracts relating to portfolio investments is disclosed in Note 4. The estimated amount receivable or payable from derivative contracts at the reporting date is determined by the following methods:

Equity and bond index swaps are valued based on changes in the appropriate market based index net of accrued floating rate interest. Forward foreign exchange contracts and equity index and interest rate futures contracts are valued based on quoted market prices. Interest rate swaps and cross-currency interest rate swaps are valued based on discounted cash flows using current market yields and exchange rates. Options to enter into interest rate swap contracts are valued based on discounted cash flows using current market yields and volatility parameters which measure change in the underlying swap. Credit default swaps are valued based on discounted cash flows using current market yields and calculated default probabilities. Warrants and rights are valued at the year end closing sale price or the average of the latest bid and ask prices quoted by an independent securities valuation company.

At the year end, the fair value of investments and any other assets and liabilities denominated in a foreign currency are translated to Canadian dollars at the year end exchange rate.

NOTE 3 FINANCIAL RISK MANAGEMENT

(a) ASSET MANAGEMENT

The investments that the Province holds are exposed to credit risk and market risk. Market risk is comprised of currency risk, interest rate risk and price risk. In order to earn the best possible return at an acceptable level of risk, the Province has established policies for the asset mix of its investment portfolios.

The Province reduces its investment risk by holding many different types of assets, investing in securities from various governments and companies in different industries and countries, having quality constraints on fixed income instruments, and restricting amounts exposed to countries designated as emerging markets. The use of derivatives is controlled (see Note 4).

Some of the Province's investments are in the Alberta Heritage Savings Trust Fund (Heritage Fund), which also includes money allocated to the Heritage Fund under the *Access to the Future Act*. The objective is to invest in a diversified portfolio to maximize long-term returns at an acceptable level of risk.

Investments in the Alberta Heritage Foundation for Medical Research Endowment Fund, the Alberta Heritage Science and Engineering Research Endowment Fund, the Alberta Heritage Scholarship Fund and the Alberta Cancer Prevention Legacy Fund are managed to provide an annual level of income to intermediary boards responsible for making grants to researchers in the fields of medicine, science and engineering, and to selected students.

Other investments are used to repay debt as it matures, to provide funding for the capital plan, and to help protect operating and capital spending from short-term declines in revenue and the costs of emergencies, disasters, and settlements with First Nations.

(b) LIABILITY MANAGEMENT

The objective of the Province's liability management program is to achieve the lowest cost on debt within an acceptable degree of variability of debt servicing costs. In order to achieve this objective, the Province manages four risks: interest rate risk, currency exchange risk, credit risk, and refinancing risk. The Province manages these four risks within approved policy guidelines. The debt of provincial corporations is managed separately.

The Province has decided that the most effective liability risk management strategy is to allow existing debt instruments to mature in accordance to their terms (see Schedule 8).

NOTE 4 DERIVATIVE CONTRACTS AND RELATED CREDIT RISK

A derivative is a financial contract with the following three characteristics:

- its value changes in response to the change in a specified interest rate, equity index price, foreign exchange rate or credit rating,
- it requires no initial net investment or the initial investment is smaller than required for exposure to a similar investment market, and
- it is settled in the future.

The Province uses various types of derivative contracts held indirectly through pooled investment funds or directly held by ATB Financial and Alberta Capital Finance Authority to gain access to equity markets and enhance returns or to manage exposure to interest rate risk, currency risk and credit risk. The notional value of a derivative contract represents the amount to which a rate or price is applied in order to calculate the exchange of cash flows with a counter-party.

Interest rate derivatives allow the Province to exchange interest rate cash flows (fixed, floating and bond index) based on a notional amount. Interest rate derivatives primarily include interest rate swaps, cross currency interest rate swaps, bond index swaps, futures contracts, and options.

Equity replication derivatives allow for the Province to receive or pay cash based on the performance of a specified market-based equity index, security or basket of equity securities applied to a notional amount. Equity derivatives primarily include equity index swaps, futures contracts and rights, warrants and options.

Foreign currency derivatives include contractual agreements to exchange specified currencies at an agreed upon exchange rate and on an agreed settlement date in the future.

Credit risk derivatives include credit default swaps allowing the Province to buy and sell protection on credit risk inherent in a bond. A premium is paid or received, based on a notional amount, in exchange for a contingent payment should a defined credit event occur with respect to the underlying security.

The following is a summary of the fair values of the Province's derivative contracts by type:

	2014 Fair Value [(a)(b)]	2013 Fair Value [(a)(b)]
	In millions	
Interest rate derivatives	$ (152)	$ (642)
Equity replication derivatives	108	119
Foreign currency derivatives	(90)	(38)
Credit risk derivatives	(4)	5
Commodity derivatives	10	13
Derivatives-related payables, net	(128)	(543)
Deposits in futures contracts margin accounts	108	32
Deposits as collateral for derivative contracts	21	25
Net derivative-related investments	$ 1	$ (486)

[(a)] Includes derivatives of ATB Financial with a net fair value of $68 million (2013: $79 million). Also includes interest rate derivatives of Alberta Capital Finance Authority with a net fair value of $(220) million (2013: $(721) million).

[(b)] The method of determining the fair value of derivative contracts is described in Note 2.

NOTE 5 BUDGET

The Consolidated Fiscal Plan documents, which describe the Province's budget for the 2014 fiscal year, were tabled in the Legislature on March 7, 2013. In the operational plan for budget purposes, consolidated government and ministry reporting structures exclude certain pension liabilities, the operational and financial costs of Crown-controlled SUCH sector organizations and certain Crown-controlled research institutions. However, these are included in the reporting entity for reporting actual results in the consolidated financial statements because these entities are controlled by the Province. For fiscal policy purposes, the budget also excludes the change in pension liabilities, and recognizes grants for capital purposes and donated assets as revenue as the tangible capital assets are acquired or constructed. For consolidated financial statement purposes, these grants for capital purposes and donated assets are deferred and recorded in revenue over the useful life of the tangible capital assets.

The public sector accounting standards require that financial statements contain a comparison of the actual and budgeted results for the year. When a government's fiscal plan is not prepared on a basis consistent with that used to report the actual results, planned results should be adjusted and reported on the same basis as that used to report the results of the current period. The reconciliation in the tables below bring the planned results to the same scope and basis as that used in reporting the actual results in the consolidated financial statements. The result is a Constructed Budget which appears on the Consolidated Statement of Operations and the Consolidated Statement of Change in Net Financial Assets to allow for a comparison of planned results to actual results.

The following table adjusts the Fiscal Plan Operational Plan to the same basis and scope of reporting as used in the consolidated financial statements:

	2014								
		Adjustments for Financial Reporting Purposes							
	Fiscal Plan						Excluded Entities		
	Operational Plan Budget	Capital Revenue	Capital Plan Spending	Capital Debt Servicing	Savings Revenue	Fiscal Plan Policy Adjustments	Board Approved Budgets	Other Adjustments [(a)]	Constructed Budget
	In millions								
Revenues									
Income taxes	$ 14,944	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 14,944
Other taxes	4,225	-	-	-	-	-	-	-	4,225
Non-renewable resource revenue	7,250	-	-	-	-	-	-	-	7,250
Transfers from Government of Canada	4,749	370	-	-	-	1	466	-	5,586
Net income from government business enterprises	2,440	38	-	-	-	-	-	-	2,478
Net investment income	1,847	-	-	-	297	-	164	(5)	2,303
Premiums, fees and licences	1,569	3	-	-	-	-	625	(2)	2,195
Other	893	111	-	-	-	-	2,605	(9)	3,600
Allocation for capital plan debt servicing costs	(238)	-	-	238	-	-	-	-	-
Internal government transfers	-	-	-	-	-	-	21,602	(21,602)	-
	37,679	522	-	238	297	1	25,462	(21,618)	42,581
Expenses by function									
Health	16,750	-	124	-	-	-	13,497	(12,144)	18,227
Education	8,854	-	84	-	-	-	11,892	(8,113)	12,717
Social services	4,669	-	-	-	-	-	-	-	4,669
Transportation, communications and utilities	961	-	838	-	-	-	-	-	1,799
Agriculture, resource management and economic development	1,943	-	204	-	-	-	235	(214)	2,168
Protection of persons and property	1,575	-	5	-	-	-	-	-	1,580
Regional planning and development	311	-	846	-	-	-	-	-	1,157
Recreation and culture	290	-	51	-	-	-	-	(5)	336
Housing	211	-	70	-	-	-	-	-	281
Environment	265	-	95	-	-	-	-	-	360
General government	1,899	-	26	-	-	-	-	-	1,925
Debt servicing costs	402	-	-	238	-	-	6	(12)	634
Pension provisions	-	-	-	-	-	237	-	-	237
	38,130	-	2,343	238	-	237	25,630	(20,488)	46,090
Annual deficit	$ (451)	$ 522	$ (2,343)	$ -	$ 297	$ (236)	$ (168)	$ (1,130)	$ (3,509)

[(a)] Other adjustments include alignment of the assumptions within the board approved budgets to the Fiscal Plan and consolidation adjustments.

NOTE 5 continued

The following table adjusts the capital plan capital investment to include the capital investment of the entities excluded from the Fiscal Plan which includes Crown-controlled SUCH sector organizations and certain Crown-controlled research institutions:

	2014		
	Capital	**Inventory**	**Total**
		In millions	
Total capital plan	$ 5,209	$ 163	$ 5,372
Less: capital plan to third parties	(2,343)	-	(2,343)
Government of Alberta own capital investment	2,866	163	3,029
Add: investments by excluded entities	1,706	646	2,352
Less: consolidation adjustments	(1,020)	-	(1,020)
Total investment	$ 3,552	$ 809	$ 4,361

The following table adjusts the Fiscal Plan amortization and consumption of inventory to include the amortization and consumption of inventory for the entities that are excluded from the Fiscal Plan:

	2014		
	Amortization	**Consumption of Inventory**	**Total**
		In millions	
Fiscal plan	$ 795	$ 187	$ 982
Excluded entities	1,118	630	1,748
Total	$ 1,913	$ 817	$ 2,730

In addition, since the actual opening number for the net assets was not available at the time of preparation of Budget 2013, the corresponding amounts in the budget column have been adjusted to the actual closing numbers of the previous year.

NOTE 6 2013 ALBERTA FLOOD

The full recovery from the June 2013 flood in southern Alberta will take a number of years. The Province's flood recovery initiatives, through its Disaster Recovery Program (DRP), provides financial assistance to impacted individuals, small businesses, agriculture, municipalities, and government ministries for uninsurable loss and damage. The DRP is administered and funded by the Alberta Emergency Management Agency through the authority of the Disaster Recovery Regulation.

The Province recognizes revenues from the federal government on an accrual basis based on recoveries through the Disaster Financial Assistance Arrangement (DFAA) with the Government of Canada. The Government of Canada approved the DFAA through its Order in Council on July 3, 2013.

The Province recognizes DRP expenses on an accrual basis when the Government of Alberta issued its Order in Council on June 25, 2013. These expenses are net of recoveries from insurance and other third parties.

Also, the Province's flood recovery initiatives include non-disaster recovery programs. Costs associated with non-disaster recovery programs are recognized as they are incurred. These costs are net of recoveries from insurance and other third parties.

Amounts pertaining to the 2013 Alberta Flood recognized in these financial statements are as follows:

		2014
		In millions
Revenues - Federal government grants [a]	$	1,582
Expenses		
Disaster recovery program expenses [b]		2,361
Non - disaster recovery program expenses		352
First Nations expenses DFAA		164
First Nations expenses non - DFAA		29
Total expenses	$	2,906
Accounts receivable - Government of Canada [b]	$	1,082
Accounts payable and accrued liabilities [b]	$	2,007

[a] $500 million was received from the Government of Canada in March 2014.

[b] These are estimated amounts based on projected DRP expenses.

NOTE 7 LIABILITIES UNDER PUBLIC PRIVATE PARTNERSHIPS

The Province has entered into contracts with a term of 34 years for the design, finance, build and operation of ring road segments under the following public private partnerships: Anthony Henday – South East, North West and North East Edmonton Ring Road, and Stoney Trail – North East and South East Calgary Ring Road. The Province has also entered into a term of 32 year public private partnership contracts for the design, finance, build, and maintenance of schools under the Alberta Schools Alternative Procurement Phase 1, Phase 2 and Phase 3 projects. These contracts include a construction period followed by a 30 year operations period for the ring roads and a 30 year maintenance period for the schools. The Province has also entered into a term of 12 year contract for the design, finance, build and operation of the Evan Thomas Water & Wastewater Treatment facilities.

The details of the 3 contracts that are under construction are as follows:

	Contractor	Date Contract entered into	Scheduled completion date	Date Capital payments begin
Anthony Henday - North East Edmonton Ring Road	Capital City Link General Partnership	May 2012	September 2016	October 2016
Alberta Schools Alternative Procurement Phase 3	ABC Schools Partnership	September 2012	June 2014	July 2014
Evan Thomas Water & Wastewater Treatment Facilities	EPCOR Water Services Inc.	October 2012	July 2014	July 2014

NOTE 7 continued

The details of the contracts for those projects that are already operational are as follows:

	Contractor	Date Contract entered into	Completion date	Date Capital payments began
Anthony Henday - South East Edmonton Ring Road	Access Roads Edmonton Ltd.	January 2005	October 2007	November 2007
Stoney Trail - North East Calgary Ring Road	Stoney Trail Group	February 2007	October 2009	November 2009
Alberta Schools Alternative Procurement Phase 1	BBPP Alberta Schools Ltd.	September 2008	June 2010	July 2010
Anthony Henday - North West Edmonton Ring Road	NorthwestConnect General Partnership	July 2008	October 2011	November 2011
Alberta Schools Alternative Procurement Phase 2	B2L Partnership	April 2010	June 2012	August 2012
Stoney Trail - South East Calgary Ring Road	Chinook Roads Partnership	March 2010	November 2013	November 2013

The calculation of the liabilities under public private partnerships is as follows:

	Total	
	2014	2013
	In millions	
Liabilities, beginning of year	$ 2,170	$ 1,944
Additions to liabilities during the year	332	256
Principal payments	(33)	(30)
Liabilities, end of year	$ 2,469	$ 2,170

NOTE 8 CONTRACTUAL OBLIGATIONS

Contractual obligations are obligations of the Province to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2014	2013
	In millions	
Obligations under operating leases, contracts and programs	$ 19,917	$ 21,189
Loans and advances approved	182	165
Obligations under capital leases and public private partnerships		
Operations and maintenance payments	3,886	2,280
Capital payments	5,301	5,443
	$ 29,286	$ 29,077

Estimated payment requirements for each of the next five years and thereafter are as follows:

Obligations Under Operating Leases, Contracts and Programs

		In millions
2014-15	$	6,838
2015-16		4,077
2016-17		2,595
2017-18		1,509
2018-19		1,322
Thereafter		3,576
	$	19,917

Major commitments included in the above figures are commitments for capital construction contracts for health and education facilities, highways and the Municipal Sustainability Initiative which is an agreement that began in 2007-08 between the Province and Alberta municipalities for capital and operating purposes and is subject to the annual appropriation of the Legislature.

Obligations under Capital Leases and Public Private Partnerships

Operations and Maintenance Payments

		In millions
2014-15	$	65
2015-16		68
2016-17		77
2017-18		88
2018-19		95
Thereafter		3,493
	$	3,886

Capital Payments

		In millions
2014-15	$	156
2015-16		160
2016-17		177
2017-18		198
2018-19		196
Thereafter		4,414
		5,301
Less amount representing interest		(2,196)
	$	3,105

Capital payments include payments for capital leases and for public private partnerships. The capital payments for public private partnerships are fixed, equal monthly payments for the privately financed portion of the costs of building the infrastructure. The present value of these capital payments is recorded as a liability on the Consolidated Statement of Financial Position.

The government has various commitments relating to the devolution of services or disposition of assets to the private sector. Those commitments include the performance of duties and obligations if the private sector organization fails to meet them.

NOTE 9 CONTINGENT LIABILITIES

Set out below are details of contingent liabilities resulting from guarantees, indemnities and litigation, other than those reported as liabilities. Any losses arising from the settlement of contingent liabilities are treated as current year expenses.

(a) GUARANTEES

Guarantees amounting to $58 million (2013: $50 million) are detailed in Schedule 13.

(b) CONTINGENT LIABILITIES

The Province, through the Credit Union Deposit Guarantee Corporation which operates under the authority of the *Credit Union Act*, has a potential liability under guarantees relating to deposits of credit unions. At March 31, 2014 credit unions in Alberta held deposits totalling $20.1 billion (2013: $18.7 billion). Substantial assets are available from credit unions to safeguard the Province from the risk of loss from its potential obligation under the Act.

At March 31, 2014, ATB Financial had a contingent liability under guarantees and letters of credit amounting to $550 million (2013: $437 million).

The Province has a potential liability under guarantees relating to the debt of Alberta Capital Finance Authority of $4,834 million (2013 Restated: $5,601 million) and Alberta Social Housing Corporation of $65 million (2013: $67 million) that is held external to the Government of Alberta.

Through the *Public Trustee Act*, the Province unconditionally guarantees the amount outstanding on a client's guaranteed account as administered by the Office of the Public Trustee. As at March 31, 2014, the potential liability of the Province based on the outstanding balance of the Client Guaranteed Accounts is $429 million (2013: $418 million).

The Province has contingent liabilities with respect to various indemnities as permitted under the *Financial Administration Act*. The indemnified amount and corresponding liability cannot be reasonably estimated.

(c) LEGAL ACTIONS

At March 31, 2014, the Province was involved in legal matters where damages are being sought. These matters may give rise to contingent liabilities.

Accruals have been made in specific instances where it is likely that losses will be incurred based on a reasonable estimate. As at March 31, 2014, accruals totalling $138 million (2013: $133 million) have been recorded as a liability. The total amount claimed for all likely claims is $443 million (2013 Restated: $412 million). The resulting additional liability, if any, from likely claims in excess of the amounts accrued is not determinable.

In addition, the Province has been named in 868 (2013 Restated: 597) claims of which the outcome is not determinable. Of these claims 615 (2013 Restated: 507) have specified amounts totalling $3.6 billion (2013: $3.8 billion). The remaining 253 (2013: 90) claims have no amounts specified. The resolution of indeterminable claims may result in a liability, if any, that may be significantly lower than the claimed amount.

The Province has been named in 27 (2013 Restated: 29) claims in matters such as aboriginal rights, Indian title and treaty rights. In most cases, these claims have been filed jointly and severally against the Province of Alberta and the Government of Canada and in some cases involve third parties. Of these claims, 15 (2013 Restated: 16) have specified amounts totalling $115.6 billion (2013 Restated:

$154.9 billion) plus a provision for interest and other costs that are not determinable. The remaining 12 (2013: 13) claims have no amounts specified. In addition, there are 5 claims (2013: 5) for treaty land entitlement for which the Province may have an obligation under the Natural Resources Transfer Agreement.

(d) TAX ASSESSMENTS

Some of the taxes assessed by the Province are under objection and some are being appealed. The resulting loss, if any, cannot be reasonably estimated.

NOTE 10 TRUST AND OTHER FUNDS UNDER ADMINISTRATION

Trust and other funds under administration are regulated and other funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the consolidated financial statements. As at March 31, 2014, trust and other funds under administration were as follows:

	2014	2013 Restated
	In millions	
Public Sector Pension Plan Funds	$ 45,549	$ 39,695
The Workers' Compensation Board Accident Fund	717	659
Public Trustee	587	563
Special Areas Trust Account	271	251
Various Court Offices and Fines Distribution Trust	126	122
Miscellaneous trust funds	1,067	998
	$ 48,317	$ 42,288

In addition to the above trust and other funds under administration, the Province holds cash and bank guarantees in the form of letters of credit and promissory notes in the amount of $1.9 billion (2013: $1.7 billion). The majority of these guarantees are held to assure satisfactory reclamation of coal and oil sands operations, sand and gravel pits, landfills, hazardous waste management and hazardous recyclable facilities.

NOTE 11 ENDOWMENT FUNDS

	2014	2013
	In millions	
Endowment funds of universities, colleges and hospitals	$ 1,745	$ 1,608

Endowment fund assets are included in Portfolio investments and Net assets in the Consolidated Statement of Financial Position. Donors have placed restrictions on their contribution to the endowment funds of universities, colleges and hospitals. The principal restriction is that the original contribution should not be spent. Capital preservation, investment returns and the impact of inflation may also form restrictions on these funds.

NOTE 12 ADJUSTMENTS TO NET ASSETS

The reconciliation of adjustments to Net assets is as follows:

	2014	2013
	In millions	
Adjustments to net assets		
Change in unrealized losses (Schedule 6)	$ 47	$ (50)
Change in accounting policy [(a)]	62	(2,003)
Increase in endowments (Note 11)	137	65
Consolidation adjustments relating to SUCH sector	(42)	(43)
Other	(3)	(11)
	$ 201	$ (2,042)

(a) Effective April 1, 2012, the Province changed its policy for recording transfers from the Government of Canada for capital purposes and donated assets (Note 1). As a result of this policy change, these transfers and donations are recognized as deferred capital contributions and recorded as revenue over the useful life of the tangible capital assets based on the relevant stipulations of the transfer taken together with the actions and communications of the Province.

In 2013-14, the Victims of Crime Fund changed its accounting policy to record a liability for compensation claims. This policy has been applied retroactively without restatement of operating results for 2012-13. In addition, there are adjustments to conform accounting policies of SUCH sector entities to the government accounting policies.

NOTE 13 COMPARATIVE FIGURES

Certain 2013 figures have been reclassified, where necessary, to conform to 2014 presentation.

Schedules to the Consolidated Financial Statements

REVENUES

SCHEDULE 1

	2014	2013
	In millions	
Income taxes		
Personal income tax	$ 10,537	$ 9,621
Corporate income tax	5,358	4,713
Interest and penalties on corporate income tax	128	42
	16,023	14,376
Other taxes		
Education property tax	2,059	1,987
Tobacco tax	922	912
Fuel tax	925	897
Insurance taxes	359	335
Freehold mineral rights tax	146	119
Alberta tourism levy	87	82
Interest and penalties on other tax	2	1
	4,500	4,333
Non-renewable resource revenue		
Bitumen royalty	5,222	3,560
Crude oil royalty	2,476	2,039
Natural gas and by-products royalty	1,103	955
Bonuses and sales of Crown leases	588	1,053
Rentals and fees	173	176
Coal royalty[a]	16	(3)
	9,578	7,780
Transfers from Government of Canada		
Health transfers	2,651	2,414
Canada social transfer	1,410	1,315
2013 Alberta flood assistance	1,582	-
Agriculture support programs	295	278
Labour market agreements	186	177
Other	935	858
	7,059	5,042
Net income from government business enterprises		
Lottery operations	1,485	1,485
Liquor operations	747	729
Other	309	273
	2,541	2,487
Net investment income	3,423	2,595
Premiums, fees and licences		
Health fees and charges	460	451
Motor vehicle licences	492	467
Crop and hail insurance premiums	379	314
Land Titles	86	82
Other	933	833
	2,350	2,147
Other		
Tuition	1,087	1,037
Sales, rentals and services	850	622
Fundraising, donations, gifts and contributions	627	861
Fines and penalties	137	136
Climate change and emissions management	106	94
Other	1,153	1,034
	3,960	3,784
	$ 49,434	$ 42,544

[a] The negative revenue for Coal royalty in 2012-13 is primarily due to a large refund of $16 million for production in the prior year.

EXPENSES BY MINISTRY

SCHEDULE 2

	2014	2013
	In millions	
Program expenses		
Offices of the Legislative Assembly	$ 114	$ 121
Ministries		
Health	18,165	17,296
Education	7,213	7,218
Innovation and Advanced Education	5,265	5,104
Human Services	4,302	4,137
Municipal Affairs	3,755	1,343
Transportation	1,809	1,936
Treasury Board and Finance	1,572	1,442
Justice and Solicitor General	1,309	1,291
Infrastructure	1,095	1,069
Environment and Sustainable Resource Development	936	900
Energy	800	692
Agriculture and Rural Development	793	1,166
Aboriginal Relations	355	155
Service Alberta	292	303
Culture	218	249
Tourism, Parks and Recreation	182	183
Jobs, Skills, Training and Labour	135	142
Executive Council	44	42
International and Intergovernmental Relations	33	28
	48,387	44,817
Debt servicing costs [a]	601	530
Pension provisions [b] (Schedule 10)	748	296
	$ 49,736	$ 45,643

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[a] Debt servicing costs consists of interest paid on various forms of government debt. It excludes interest on pension liabilities. Interest on pension liabilities has been included in pension provisions and other program expense.

[b] Pension provisions are related to the Ministry of Innovation and Advanced Education, the Ministry of Education, the Ministry of Energy, the Ministry of Treasury Board and Finance, and the Ministry of Health.

EXPENSES BY OBJECT

SCHEDULE 3

	2014	2013
	In millions	
Grants	$ 13,818	$ 11,903
Services	8,811	7,680
Salaries, wages, employment contracts and benefits	18,325	17,960
Amortization of tangible capital assets and consumption of inventories of supplies	2,876	2,721
Interest and amortization of exchange gains and losses	577	495
Materials and supplies	3,142	3,257
Pension provisions (Schedule 10)	748	296
Corporate income tax allowance provision	172	125
Travel and communication	259	293
Pension liability funding	522	514
Other	486	399
	$ 49,736	$ 45,643

The pension expense for the Province (Schedule 10) is included in salaries, wages, employment contracts and benefits, pension provisions and pension liability funding.

CASH AND CASH EQUIVALENTS

SCHEDULE 4

	2014	2013
	Book Value	Book Value
	In millions	
Cash [(a)]	$ 3,800	$ 3,448
Cash equivalents	2,928	2,971
	$ 6,728	$ 6,419

[(a)] Cash includes deposits in the Consolidated Cash Investments Trust Fund (CCITF). At March 31, 2014, deposits in CCITF had a time-weighted return of 1.2% (2013: 1.3%) per annum.

PORTFOLIO INVESTMENTS

SCHEDULE 5

	2014		2013	
	Book Value	Fair Value	Book Value	Fair Value
		In millions		
Interest bearing securities				
Deposits and short-term securities	$ 1,370	$ 1,369	$ 906	$ 907
Bonds and mortgages	12,712	12,844	11,227	11,444
	14,082	14,213	12,133	12,351
Equities				
Canadian public equities	2,537	2,883	2,207	2,424
Global developed public equities	7,353	8,506	7,081	7,899
Emerging markets public equities	850	988	943	1,059
Private equities	1,215	1,468	1,049	1,228
Pooled investment funds	338	379	226	248
	12,293	14,224	11,506	12,858
Inflation sensitive and alternative investments				
Private real estate	2,780	3,876	2,539	3,477
Private infrastructure	1,221	1,383	1,186	1,285
Timberland	317	438	273	333
Private debt and loans	-	-	351	352
Other investments	10	10	6	6
	4,328	5,707	4,355	5,453
	$ 30,703	$ 34,144	$ 27,994	$ 30,662

EQUITY IN GOVERNMENT BUSINESS ENTERPRISES

SCHEDULE 6

	2014	2013
	In millions	
Accumulated surpluses		
Accumulated surpluses at beginning of year	$ 2,832	$ 2,626
Restatement [(a)]	-	(12)
Restated opening surpluses	2,832	2,614
Total revenue	5,490	5,230
Total expense [(b)]	2,949	2,743
Net income	2,541	2,487
Change in accumulated unrealized gains (losses) [(c)]	47	(50)
Transfers to the Province from Alberta Gaming and Liquor Commission	(2,234)	(2,219)
Accumulated surpluses at end of year	3,186	2,832
Represented by		
Loans	33,892	29,663
Investments	1,178	1,214
Other	3,623	2,989
	38,693	33,866
Liabilities		
Accounts payable	1,835	1,366
Deposits [(d)]	30,011	26,327
Unmatured debt	3,411	3,103
Capital investment deposits	250	238
	35,507	31,034
	$ 3,186	$ 2,832
Equity in government business enterprises at end of year		
As reported by the entities		
ATB Financial	$ 2,588	$ 2,256
Alberta Gaming and Liquor Commission	361	363
Alberta Petroleum Marketing Commission	1	-
Credit Union Deposit Guarantee Corporation	236	213
	3,186	2,832
Subordinated debentures in support of deposit guarantees	229	155
	$ 3,415	$ 2,987

(a) In 2012-13, the Alberta Gaming and Liquor Commission had a restatement to its pension liability which had a total impact to equity in government business enterprises of $12 million.

(b) Included in the total expense is $46 million (2013: $32 million) of interest expense of ATB Financial that was paid to the Province for amounts borrowed directly by the Province on behalf of ATB Financial. Also included in the total expense is $84 million (2013: $73 million) of payment in lieu of taxes of ATB Financial that was paid to the Province.

(c) The change in accumulated unrealized losses of $47 million (2013: ($50) million) is comprised of changes in other comprehensive income in government business enterprises. At March 31, 2014, the Province has $6 million in accumulated unrealized losses (2013: $63 million), after the inclusion of a $10 million prior year restatement by ATB Financial from other comprehensive income to retained earnings.

(d) The repayment of all deposits without limit, including accrued interest, is guaranteed by the Province in respect of which the Province assesses a deposit guarantee fee of $38 million (2013: $29 million) payable by ATB Financial. Included in the total deposits of ATB Financial are amounts borrowed by the Province on behalf of ATB Financial totalling $2,694 million (2013: $2,196 million) to be repaid as follows: $300 million in 2013-15, $900 million in 2016-17, $1,000 million in 2017-18, and the remaining $500 million in 2018-19.

At March 31, 2014, ATB Financial had a contingent liability under guarantees and letters of credit of $550 million (2013: $437 million). Included in the Province's contractual obligations are $237 million (2013: $383 million) for contracts belonging to government business enterprises. These amounts include obligations under operating leases which expire on various dates.

Obligations under the North West Redwater Partnership

On November 8, 2012, the North West Redwater Partnership (Partnership) announced the sanctioning of the construction of Phase 1 of the Sturgeon Refinery which it will build, own and operate. The Province via the Alberta Petroleum Marketing Commission (Commission), has entered into agreements whereby the Partnership will process and market Crown royalty bitumen, or equivalent volumes, collected pursuant to the Bitumen Royalty in Kind initiative in order to capture additional value within Alberta. The Partnership will market the refined products (primarily ultra low sulphur diesel and low sulphur vacuum gas oil) on behalf of the Commission. There is financial risk to the Commission under these agreements related to the difference in price between bitumen supplied as feedstock and marketed refined products, relative to the costs of the processing.

Under the original processing agreement, the Commission is obligated to pay a monthly toll comprised of operating, debt, equity, and incentive fee components on 37,500 barrels per day of bitumen (75% of the project's feedstock) for 30 years. The toll includes both flow through costs as well as costs of facility construction, estimated to be $5.7 billion. The Commission has very restricted rights to terminate the agreement, and if it is terminated, the Commission remains obligated to pay its share of the debt component of the toll incurred to date. The term of the commitment begins upon the commencement of commercial operations. No amounts have been paid under this agreement to date.

The toll under the processing agreement, assuming a $5.7 billion Facility Capital Cost, market interest rates and 2% operating cost inflation rate, is estimated to be:

		In millions
2014-15	$	-
2015-16		-
2016-17		248
2017-18		532
2018-19		713
Thereafter		17,773
	$	19,266

Subsequent Events – North West Redwater Partnership

A revised processing agreement was executed on April 7, 2014 (available on the Department of Energy website). The tolls are now estimated to be $26 billion over 30 years, beginning the earlier of the commencement of commercial operations (estimated to be September 1, 2017) or June 1, 2018. The tolls under the revised processing agreement assume an $8.5 billion Facility Capital Cost, market interest rates and 2% operating cost inflation rate.

On April 7, 2014, the Commission executed debt financing agreements with the Partnership to lend up to $324 million, as well as additional loans if required. These loans will earn interest at a rate of prime plus 6%, and will be repaid over 10 years starting the year after project start-up. Additional loans may be granted under the agreements which do not have a fixed commitment amount or maturity date, at the interest rate of prime plus 6%. The debt provided under the agreements would be subordinated to the Partnership's debt financing raised from external creditors.

On April 9, 2014, the Commission advanced $112.5 million to the Partnership. On that same day the Commission borrowed $112.5 million from the Crown at an effective interest rate of 1.0253%.

As part of the restructuring, the Commission is entitled to a 25% voting interest on the Executive Leadership Committee, which is charged with overseeing and making decisions on the construction, start-up and operation of the Sturgeon Refinery until the subordinated debt is fully repaid.

Obligations under the Energy East Pipeline Project

The Commission has signed a Transportation Service Agreement with Energy East Pipeline Limited Partnership to purchase firm capacity for a term of 20 years to transport volumes of crude oil. The construction of the pipeline is dependent upon obtaining regulatory approval. Under the take-or-pay obligation, the Commission has a minimum obligation to pay $3.4 billion in tolls over the 20 year term. Additional tolls will be incurred depending on the volumes transported through the pipeline. The pipeline is expected to be in service as early as 2018.

		in millions
2014-15	$	-
2015-16		-
2016-17		-
2017-18		-
2018-19		170
Thereafter		3,230
	$	3,400

LOANS AND ADVANCES

SCHEDULE 7

	2014	2013
	In millions	
Loans and advances made under the authority of		
Alberta Capital Finance Authority Act [(a)]	$ 12,559	$ 11,388
Agriculture Financial Services Act [(b)]	1,961	1,789
Student Loan Act	1,265	974
Alberta Heritage Savings Trust Fund Act	270	278
Alberta Housing Act	22	21
Financial Administration Act	4	4
Senior's Property Tax Deferral Act	4	-
	16,085	14,454
Less allowance for doubtful accounts	289	264
	$ 15,796	$ 14,190

[(a)] The fair value of the loans as at March 31, 2014 was $13,360 million (2013: $12,815 million). Municipal loans on average yield 4.2% (2013: 4.4%) per annum.

[(b)] The fair value of the loans receivable is not disclosed. Determining fair values with sufficient reliability is not practical due to the absence of verifiable information from established financial markets for such loans. Agricultural loan portfolios on average yield 4.3% (2013: 4.8%) per annum.

UNMATURED DEBT

SCHEDULE 8

	2014				2013	
	Effective Rate [(a)]	Modified Duration [(b)]	Book Value [(a)]	Fair Value [(a)]	Book Value [(a)]	Fair Value [(a)]
	%	years		*In millions*		
Direct debt						
Canadian dollar debt						
Floating rate and short-term fixed rate [(c)]	1.01	0.45	$ 1,723	$ 1,739	$ 64	$ 65
Fixed rate long-term	3.20	10.00	7,727	8,000	5,451	5,901
	2.72	8.30	9,450	9,739	5,515	5,966
Alberta Social Housing Corporation						
Canadian dollar fixed rate debt			64	91	67	98
			$ 9,514	$ 9,830	$ 5,582	$ 6,064

[(a)] Book value represents the amount the Province owes. Fair value approximates market value to the debt holder. The book value, fair value and weighted average effective rate include the effect of interest rate and currency rate swaps. Effective rate is the rate that exactly discounts estimated future cash payments through the expected term of the debt to the net carrying amount. For non-marketable issues, the effective rate and fair value are determined by reference to yield curves for comparable quoted issues.

[(b)] Modified duration is the weighted average term to maturity of a security's cash flows (i.e. interest and principal) and is a measure of price volatility. The greater a bond's modified duration, the greater the impact a change in interest rates will have on its value.

[(c)] Floating rate debt includes short-term debt, term debt with less than one year to maturity, and term debt with interest rate reset within a year.

UNMATURED DEBT

SCHEDULE 8 (continued)

In addition to the unmatured debt shown above, and in order to reduce overall borrowing costs for the Province, the Province borrows money at a more favourable rate and loans it to various provincial entities (see Schedule 7) with the exact same repayment terms and interest rates. The Province borrowed funds on behalf of ATB Financial totalling $2,694 million (2013: $2,196 million) (see Schedule 6) and Alberta Capital Finance Authority totalling $9,564 million (2013: $6,724 million) (see Schedule 9).

Debt principal repayment requirements (based on par value) in each of the next five years, including short-term maturing in 2014-15 and thereafter, are as follows:

		In millions
2014-15	$	1,227
2015-16		143
2016-17		205
2017-18		72
2018-19		690
Thereafter		7,177
	$	9,514

DEBT OF ALBERTA CAPITAL FINANCE AUTHORITY

SCHEDULE 9

	2014		2013	
	Book Value	Fair Value	Book Value	Fair Value
	In millions			
Alberta Capital Finance Authority				
Canadian dollar and foreign currency fixed rate debt [(a)]	$ 10,294	$ 10,872	$ 8,788	$ 9,429
Canadian dollar floating rate debt	3,554	3,607	3,537	3,557
Total [(b)]	13,848	14,479	12,325	12,986
Effective rate per annum		4.1%		4.4%

(a) Includes fixed note US dollar debt of $600 million (fair value: $663 million) in Canadian dollars and floating note US dollar debt of $700 million (fair value:$773 million in Canadian dollars).

(b) Included in the Alberta Capital Finance Authority debt are amounts borrowed directly by the Province on behalf of the Alberta Capital Finance Authority totalling $9,564 million (2013: $6,724 million).

Debt principal repayment requirements in each of the next five years, including short-term debt maturing in 2014-15 and thereafter, are as follows:

		In millions
2014-15	$	1,956
2015-16		1,621
2016-17		1,500
2017-18		2,568
2018-19		1,600
Thereafter		4,603
	$	13,848

Pension Plans

The Province is the trustee for the following pension plans under the *Public Sector Pension Plans Act*:

Local Authorities Pension Plan (LAPP), Management Employees Pension Plan (MEPP), Public Service Pension Plan (PSPP), Special Forces Pension Plan (SFPP), and the Public Service Management (Closed Membership) Pension Plan (PSMC). The Province is also trustee for the Provincial Judges and Masters in Chambers (Registered) Pension Plan (PJMCPP) under the *Provincial Court Act* and the Supplementary Retirement Plan for Public Service Managers (MSRP) under the Supplementary Retirement Plan – Retirement Compensation Arrangement Directive (Treasury Board Directive 01/99). All of these pension plans are open with the exception of PSMC. Financial statements for all of these pension plans as of their December 31, 2013 year end or March 31, 2014 year end are reported as supplementary information in the Ministry of Treasury Board and Finance Annual Report. All of the plans, except the Judges plan, are multi-employer plans.

Boards, on behalf of Crown-controlled SUCH sector organizations, administer the Teachers' Pension Plan (Teachers') and the Universities Academic Pension Plan (UAPP).

In addition to the aforementioned plans, there are several agencies which maintain their own plans to compensate senior staff members that do not participate in the regular government pension plans. These entities include the Alberta Energy Regulator, Alberta Utilities Commission, Alberta Securities Commission, and some SUCH sector entities. Summaries of these plans are included in these financial statements as Supplementary Executive Retirement Plans (SERP). Additional information can be found in the entities' financial statements.

The following is a summary of the plans for the year ended March 31, 2014:

Defined Benefit Pension Plans	Approximate Number of Active Employees	Average Age of Active Employees	Approximate Number of Former Employees Entitled to Payments [b]	Approximate Number of Retirees Receiving Benefits	Employee Contributions	Employer Contributions	Benefit Payments
						in millions	
LAPP	150,213	45	28,746	52,904	$ 1,030	$ 1,107	$ 1,115
PSPP	41,381	44	15,750	23,132	327	311	456
MEPP	5,311	48	1,063	4,231	68	113	175
MSRP	1,091	52	129	784	3	3	4
PJMCPP [a]	130	60	2	146	1	2	7
PSMC [a]	-	-	110	1,923	-	-	55
SFPP [a]	4,231	39	182	2,380	38	40	94
Teachers' Pre-92	8,751	53	2,381	23,538	-	-	445
Teachers' Post-92	36,679	42	6,630	19,621	387	363	246
UAPP [a]	7,852	49	1,672	4,434	107	105	211

[a] During the year these four plans also received contributions, primarily related to pre-1992 commitments, from the Province of Alberta as follows: PJMCPP $1 million, PSMC $54 million, SFPP $5 million and UAPP $11 million.

[b] Includes vested former employees in the pension plan and non-vested former employees entitled to a refund of their contributions.

The plans provide a defined benefit retirement income based on a formula for each plan that considers final average years of salary, length of service and a percentage ranging from 1.4% to 2% per year of service.

The Province accounts for the liabilities for pension obligations on a defined benefit basis as a participating employer for former and current employees in Local Authorities Pension Plan, Management Employees Pension Plan, Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan, Public Service Pension Plan, Teachers' Pension Plan and Universities Acadamic Pension Plan for the government's consolidated reporting entity except for government business enterprises that report under International Financial Reporting Standards (IFRS) and are required to account directly for participation in the public service pension plans under IFRS.

The Province also accounts for the specific commitments made by the Government of Alberta for pre-1992 pension obligations to the Teachers' Pension Plan, Public Service Management (Closed Membership) Pension Plan, Universities Academic Pension Plan and Special Forces Pension Plan. In 1992, there was pension plan reform resulting in pre-1992 and post-1991 arrangements for several pension plans.

The Province also accounts for the obligation to the Members of the Legislative Assembly Pension Plan (MLAPP).

The following table contains summary information on these specific pension plans. Complete financial reporting is available through each pension plan. Pension liabilities are as follows:

	2014		**2013**
	Pension Liabilities	**Pension Provisions (Recovery) (Schedule 3)**	**Pension Liabilities**
		In millions	
Liabilities for the Province's employer share for former and current employees			
Local Authorities Pension Plan (a)	$ 511	$ 17	$ 494
Management Employee Pension Plan (b)	63	(76)	139
Supplementary Retirement Plan for Public Service Managers (c)	12	(40)	52
Provincial Judges and Masters in Chambers Pension Plan (d)	16	10	6
Public Service Pension Plan (e)	280	30	250
Teachers' Pension Plan (f)	643	83	560
Universities Academic Pension Plan (g)	224	25	199
Supplementary Executive Retirement Plans (h)	55	(3)	58
	1,804	46	1,758
Liabilities for the Province's commitment towards pre-1992 obligations			
Teachers' Pension Plan (f)	8,727	713	8,014
Public Service Management (Closed Membership) Pension Plan (i)	617	33	584
Universities Academic Pension Plan (g)	311	(17)	328
Special Forces Pension Plan (j)	95	(28)	123
	9,750	701	9,049
Members of the Legislative Assembly Pension Plan (k)	46	1	45
	$ 11,600	$ 748	$ 10,852

Pension provisions represent the change in pension liabilities, net of pension expense and contributions made.

The following is a description of each pension Plan:

(a) The Local Authorities Pension Plan is a contributory defined benefit pension plan for eligible employees of local authorities and approved public bodies. These include cities, towns, villages, municipal districts, hospitals, Alberta Health Services, school divisions, school districts, colleges, technical institutes, certain commissions, foundations, agencies, libraries, corporations, associations, and societies. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by actuarial funding valuations are expected to be funded by special payments currently totalling 7.40% of pensionable earnings shared equally between employees and employers until December 31, 2026. Current service costs are funded by employers and employees.

(b) The Management Employee Pension Plan is a contributory defined benefit pension plan for eligible management employees of the Province and certain approved provincial agencies and public bodies. Members of the former Public Service Management Pension Plan who were active contributors at August 1, 1992, and have not withdrawn from the Plan since that date, continue as members of this Plan. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by actuarial funding valuations are expected to be funded by special payments currently totalling 12.3% of pensionable earnings shared between employees and employers until December 31, 2014, 10.2% until December 31, 2016, 5.4% until December 31, 2017 and 5.0% until December 31, 2024, and 2.9% until December 31, 2027. Current services costs are funded by employers and employees.

(c) The Supplementary Retirement Plan for Public Service Managers is a contributory defined benefit pension plan for certain public service managers of designated employers who participate in the Management Employees Pension Plan (MEPP) and whose annual salary exceeds the maximum pensionable salary limit under the *Income Tax Act*. The Plan is supplementary to the MEPP. The contribution rates in effect at December 31, 2013 were at 11.16% (2012: 11.16%) of pensionable salary in excess of the maximum pensionable salary limit for eligible employees and designated employers.

(d) The Provincial Judges and Masters in Chambers Pension Plan is a contributory defined benefit pension plan for Judges and Masters in Chambers of the Province of Alberta. Current service costs are funded by the Province and plan members at rates which are expected to provide for all benefits payable under the Plan. The rates in effect at March 31, 2014 are 7.00% of capped salary for plan members and 13.12% of capped salary for the Province. Benefits are payable by the Province if assets are insufficient to pay for all benefits under the Plan.

(e) The Public Service Pension Plan is a contributory defined benefit pension plan for eligible employees of the Province, approved provincial agencies and public bodies. In accordance with the *Public Sector Pension Plans Act*, the actuarial deficiencies as determined by an actuarial funding valuation are expected to be funded by special payments currently totaling 9.34% of pensionable earnings shared equally between employees and employers until December 31, 2026. Current service costs are funded by employers and employees.

(f) The *Teachers' Pension Plans Act* requires all teachers under contract with jurisdictions in Alberta to contribute to the Teachers' Pension Plan. The Province assumed responsibility for the entire unfunded pre-1992 pension obligation of the Teachers' Pension Plan. The costs of all benefits paid under the pre-1992 Teachers' Pension Plan are paid by the Province. In addition, the Province is responsible for 50% of the unfunded liability, any current service costs and certain cost of living benefits for service after August 1992.

(g) Under the *Public Sector Pension Plans Act*, the Province has a liability for payment of additional contributions under defined benefit pension plans for certain employees of post-secondary educational institutions and municipalities. The plans are the Universities Academic and Special Forces pension plans.

For the Universities Academic Pension Plan, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions of 1.25% of pensionable salaries by the Province and contributions by employees and employers to fund the remaining amount, as determined by the plan valuation, over the period ending on or before December 31, 2043. Current service costs are funded by employers and employees.

For the Special Forces Pension Plan, the unfunded liability for service credited prior to January 1, 1992 is being financed by additional contributions in the ratio of 45.45% by the Province and 27.27% each by employers and employees, over the period ending on or before December 31, 2036. Current service costs are funded by employers and employees. The Act provides that payment of all benefits arising from pensionable service prior to 1994, excluding post-1991 cost of living adjustment benefits, is guaranteed by the Province.

[h] Certain consolidated entities provide defined supplementary executive retirement plans for certain management staff, and other benefit plans for all or specific groups of staff, depending on the plans. The cost of these benefits are actuarially determined on an annual basis using the projected benefit method pro-rated on services, a market interest rate, and management's best estimate of expected costs and the period of benefit coverage.

[i] The Public Service Management (Closed Membership) Pension Plan provides benefits to former members of the Public Service Management Pension Plan who were retired, were entitled to receive a deferred pension or had attained 35 years of service before August 1, 1992. The costs of all benefits under the Plan are paid by the Province.

[j] The Province has a liability for payment of pension benefits under a defined benefit pension plan for Members of the Legislative Assembly. Active participation in this plan was terminated as of June 1993, and no benefits can be earned for service after that date. The costs for all benefits under the plan are paid by the Province.

The liability for pension obligations as a participating employer is as follows:

As at March 31, 2014	LAPP	MEPP	PSPP	Teachers' Pension Plan Post-1992	UAPP	Others[d]	Total 2014	Total 2013
				(in millions)				
Liabilities for the Province's share for former and current employees								
Net assets available for benefits [a]	$ 26,550	$ 3,464	$ 8,559	$ 9,782	$ 3,415	$ 440	$ 52,210	$ 44,386
Pension obligation	31,412	3,413	9,813	10,308	4,472	527	59,945	54,466
Pension plan deficit (surplus) [a]	$ 4,862	$ (51)	$ 1,254	$ 526	$ 1,057	$ 87	$ 7,735	$ 10,080
Province of Alberta share of the deficiency	$ 1,637	$ (31)	$ 557	$ 255	$ 373	$ 87	2,878	4,061
Unamortized gains (losses) [b]	(1,095)	103	(260)	388	(149)	(4)	(1,017)	(2,268)
Timing differences between the pension plan fiscal year ends and March 31 [c]	(31)	(9)	(17)	-	-	-	(57)	(35)
Future Benefit Liability	$ 511	$ 63	$ 280	$ 643	$ 224	$ 83	1,804	1,758
Liabilities for the Province's commitment towards pre-1992 obligations							9,750	9,049
Members of the Legislative Assembly Pension Plan							46	45
							$ 11,600	$ 10,852

[a] These numbers are as reported in the pension plan 2013 financial statements, except for the Teachers' Post-92 Pension Plan and the UAPP which use numbers as reported in actuarial reports.

[b] Under Public Sector Accounting Standards, losses are amortized over the employee expected average remaining service life of the employees of each plan, which ranges from eight to eleven years.

[c] Accounting timing differences from January 1, 2014 to March 31, 2014 for payments and interest expense.

[d] Others includes the Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan and Supplementary Executive Retirement Plans.

The pension expense for the Province is as follows:

				Teachers' Pension Plan				Total	Total
	LAPP	MEPP	PSPP	Pre-92	Post-92	UAPP	Others[c]	2014	2013
				(in millions)					
Pension Expense									
Current period benefit cost [a]	$ 1,546	$ 116	$ 406	$ -	$ 453	$ 78	$ 28	$ 2,627	$ 2,349
Amortization of actuarial gains and losses[b]	477	17	217	827	169	25	31	1,763	1,111
Total	$ 2,023	$ 133	$ 623	$ 827	$ 622	$ 103	$ 59	$ 4,390	$ 3,460
Province of Alberta share of pension expense	$ 682	$ 81	$ 276	$ 827	$ 311	$ 103	$ 59	$ 2,339	$ 1,597
Interest Expense									
Interest on pension liability [a]	94	12	44	331	59	47	39	626	595
Total Province of Alberta pension related expenses	$ 776	$ 93	$ 320	$ 1,158	$ 370	$ 150	$ 98	$ 2,965	$ 2,192

[a] As reported in pension plan financial statements or actuarial reports. Numbers in UAPP are net of employees' share.

[b] Except for Special Forces Pension Plan, numbers are adjusted to March 31, 2014.

[c] Others includes the Supplementary Retirement Plan for Public Service Managers, Provincial Judges and Masters in Chambers Pension Plan, Special Forces Pension Plan and Supplementary Executive Retirement Plans.

Pension liabilities are based upon actuarial valuations performed at least triennially using the projected benefit method prorated on services and actuarial extrapolations performed at December 31, 2013 or March 31, 2014. The assumptions used in the valuations and extrapolations were adopted after consultation between the pension plan boards, the government and the actuaries, depending on the plan, and represent best estimates of future events. The non-economic assumptions include considerations such as mortality as well as withdrawal and retirement rates. The primary economic assumptions include salary escalation rate, discount rate and inflation rate. Each plan's future experience will inevitably vary, perhaps significantly, from the assumptions. Any differences between the actuarial assumptions and future experience will emerge as gains or losses in future valuations. Gains and losses are amortized over the expected average remaining service lives of the related employee groups.

The date of actuarial extrapolation and primary economic assumptions used for accounting purposes were:

Plan	Latest Valuation Date	Latest Extrapolation Date	Salary Escalation Rate %	Inflation Rate %	Discount Rate [a] %
Teachers' Pre-1992 Pension Plan	August 2013	March 2014	3.50	2.25	4.00
Teachers' Post-1992 Pension Plan	August 2013	March 2014	3.50	2.25	6.80
Public Service Management (Closed Membership) Pension Plan	December 2011	December 2013	-	2.25	4.00
Universities Academic Pension Plan	December 2012	March 2014	3.50	2.25	6.60
Local Authorities Pension Plan	December 2012	December 2013	3.50	2.25	5.90
Public Service Pension Plan	December 2012	December 2013	3.50	2.25	6.50
Members of the Legislative Assembly Pension Plan	March 2012	March 2014	-	2.25	4.00
Management Employees Pension Plan	December 2012	December 2013	3.50	2.25	6.90
Provincial Judges and Masters in Chambers Pension Plan	December 2011	March 2013	3.50	2.25	5.80
Supplementary Retirement Plan for Public Service Managers	December 2012	December 2013	3.50	2.25	6.30
Special Forces Pension Plan	December 2011	December 2013	3.50	2.25	6.70

[a] The discount rate is the expected rate of return for plans with assets and is also the discount rate used to measure the actuarial liability.

The actual return on major funded plans' assets during the period ranges from 11.3% to 14.9% (2012-13: 7.8% to 12.3%). This range includes returns for LAPP, Teachers' Post-1992 Plan, PSPP, MEPP, SFPP, and UAPP.

A separate pension plan fund is maintained for each pension plan except for the Teachers' Pre-1992 Pension Plan and the Members of the Legislative Assembly Pension Plan. Each pension plan fund reports annually through financial statements.

Government business enterprises have recorded pension liabilities accounted for under International Financial Reporting Standards of $122 million (2013: $185 million) comprised of $122 million (2013: $148 million) for employees in the Public Service Pension Plan, Management Employees Pension Plan and the Supplementary Retirement Plan for Public Service Managers and $nil (2013: $37 million) in other pension plans.

Long Term Disability Income Continuance Plans

The government administers two long-term disability income continuance plans. As at March 31, 2014, the Bargaining Unit Plan reported an actuarial surplus of $75 million (2013: surplus of $52 million) and the Management, Opted Out, and Excluded Plan reported an actuarial surplus of $24 million (2013: surplus of $18 million). At March 31, 2014, the government's share of the estimated accrued benefit liability for these plans has been recognized in these financial statements.

	General Capital Assets						Infrastructure Assets					2014 Total	2013 Total
	Land (a)	Buildings (b)	Computer hardware and software	Equipment (c)	Other (d)	Sub Total	Land improvements (e)	Provincial highways, roads and airstrips (f)	Bridges	Dams and water management structures (g)	Sub Total		
Estimated Useful Life	Indefinite	10-50 yrs	3-10 yrs	3-40 yrs	3-50 yrs		10-40 yrs	20-50 yrs	50 yrs	25-80 yrs			
							In millions						
Historical Cost													
Beginning of year	$ 2,403	$ 30,197	$ 3,965	$ 5,466	$ 1,486	$ 43,517	$ 410	$ 17,588	$ 1,923	$ 1,383	$ 21,304	$ 64,821	$ 61,522
Additions	33	1,445	301	356	131	2,266	13	1,137	130	12	1,292	3,558	3,804
Transfers and adjustments [h]	6	11	5	4	(14)	12	(4)	6	-	-	1	13	-
Disposals including write-downs	(5)	(44)	(115)	(193)	(19)	(376)	-	(35)	(1)	-	(36)	(412)	(505)
	2,437	31,609	4,156	5,633	1,584	45,419	419	18,696	2,052	1,395	22,561	67,980	64,821
Accumulated Amortization													
Beginning of year	-	10,860	2,699	3,454	853	17,866	224	4,411	468	383	5,486	23,352	21,692
Amortization expense	-	785	325	438	83	1,631	11	380	42	18	451	2,082	2,006
Transfers and adjustments	-	5	-	3	3	11	(4)	-	-	-	(4)	7	(27)
Effect of disposals including write-downs	-	(32)	(78)	(169)	(19)	(298)	4	(6)	-	-	(2)	(300)	(319)
	-	11,618	2,946	3,726	920	19,210	235	4,785	510	401	5,931	25,141	23,352
Net Book Value at March 31, 2014	$ 2,437	$ 19,991	$ 1,210	$ 1,907	$ 664	$ 26,209	$ 184	$ 13,910	$ 1,542	$ 994	$ 16,630	$ 42,839	
Net Book Value at March 31, 2013	$ 2,403	$ 19,337	$ 1,266	$ 2,012	$ 633	$ 25,651	$ 186	$ 13,177	$ 1,455	$ 1,000	$ 15,818		$ 41,469

(a) Land includes land acquired for parks and recreation, building sites, infrastructure and other program use. It does not include land held for resale or Crown lands acquired by right.

(b) Tangible capital assets include $491 million (2013: $166 million) in construction in progress which will not be amortized until the buildings are completed and in use. The cost of buildings under capital lease is $172 million (2013: $158 million).

(c) Equipment includes SuperNet, vehicles, heavy equipment, fire protection equipment, office equipment and furniture, and other equipment.

(d) Other tangible capital assets include leasehold improvements (amortized over the life of the lease), rail cars and trailers.

(e) Land improvements include parks development and grazing reserves.

(f) Provincial highways and roads consist of original pavement, roadbed, drainage works and traffic control devices, and include secondary highways and bridges and some key arterial roadways within cities. Included in these numbers are $1,885 million in historical cost (2013: $1,654 million) and $99 million in accumulated amortization (2013: $71 million) for alternatively financed capital assets. The additions to work in progress related to new highway construction under Public Private Partnerships is $406 million (2013: $528 million).

(g) Dams and water management structures include dams, reservoirs, weirs, canals, dikes, ditches, channels, diversions, cut-offs, pump houses and erosion protection structures.

(h) Transfers and adjustments relate to post secondary institutions for accounting policy alignments and reclassifications between capital asset categories.

DEFERRED CAPITAL CONTRIBUTIONS

SCHEDULE 12

	2014		2013
	in millions		
Unspent Deferred Capital Contributions			
Opening unspent deferred capital contributions	$	112	$	93
Adjustments from prior period		62		(15)
Cash contributions restricted for capital		251		439
Transfers to spent deferred capital contributions		(257)		(363)
Transfers to accounts and accrued interest payable		(3)		(52)
Closing unspent deferred capital contributions	$	165	$	112

	2014	2013
	in millions	
Spent Deferred Capital Contributions		
Opening spent deferred capital contributions	$ 2,300	$ -
Change in accounting policy	-	1,909
Adjustments from prior period	(74)	115
Transfers from unspent deferred capital contributions	257	353
Transfers from accounts and accrued interest payable	49	40
Deferred capital contributions recognized as revenue	(139)	(117)
Closing spent deferred capital contributions	$ 2,393	$ 2,300

GUARANTEES

SCHEDULE 13

	2014	2013	Expiry Date
	in millions		
Feeder Associations Guarantee Act	$ 48	$ 47	Ongoing
Agriculture Financial Services Act	10	2	Variable
Student Loan Act	-	1	Ongoing
	58	50	
Less estimated liability			
Guarantees	-	-	
	$ 58	$ 50	

Authorized loan guarantee limits are shown below where applicable. Where authorized loan guarantee limits are not noted, the authorized limits decline as guaranteed or indemnified loans are repaid.

Guarantee programs under the following Acts are ongoing:

- *Feeder Associations Guarantee Act* (authorized guarantee limit set by Order in Council is $55 million),
- *Agriculture Financial Services Act*, and
- *Student Loan Act*.

The lender takes appropriate security prior to issuing to the borrower a loan which is guaranteed by the Province. The security taken depends on the nature of the loan. Interest rates are negotiated with the lender by the borrower.

Included in the guarantees issued under the *Agriculture Financial Services Act* is $8.75 million guaranteed under the Alberta Flood Recovery Loan Guarantee Program (AFRLGP), which was established to assist Alberta businesses directly impacted by the June 2013 flood in Southern Alberta. Under the AFRLGP, the Province has entered into agreements with financial institutions guaranteeing repayment of up to 75% of loans issued under this program.

The financial statements of the following entities are fully consolidated in these financial statements:

GOVERNMENT SECTOR ENTITIES

Offices of the Legislative Assembly

Support to the Legislative Assembly
Office of the Auditor General
Office of the Ombudsman
Office of the Chief Electoral Officer
Office of the Ethics Commissioner
Office of the Information and Privacy Commissioner
Office of the Child and Youth Advocate
Office of the Public Interest Commissioner

Departments

Aboriginal Relations
Agriculture and Rural Development
Culture
Education
Energy
Environment and Sustainable Resource Development
Executive Council
Health
Human Services
Infrastructure
Innovation and Advanced Education
International and Intergovernmental Relations
Jobs, Skills, Training and Labour
Justice and Solicitor General
Municipal Affairs
Service Alberta
Tourism, Parks and Recreation
Transportation
Treasury Board and Finance

Regulated Funds

Access to the Future Fund
Alberta Cancer Prevention Legacy Fund
Alberta Heritage Foundation for Medical Research Endowment Fund
Alberta Heritage Savings Trust Fund
Alberta Heritage Scholarship Fund
Alberta Heritage Science and Engineering Research Endowment Fund

Regulated Funds (continued)

Alberta Lottery Fund
Alberta Risk Management Fund
Alberta School Foundation Fund
Climate Change and Emissions Management Fund
Environmental Protection and Enhancement Fund
Historic Resources Fund
Land Stewardship Fund
Post-closure Stewardship Fund
Provincial Judges and Masters in Chambers Reserve Fund
Supplementary Retirement Plan Reserve Fund
Victims of Crime Fund

Provincial Agencies

Agriculture Financial Services Corporation
Alberta Capital Finance Authority
Alberta Energy Regulator
Alberta Enterprise Corporation
Alberta Foundation for the Arts
Alberta Historical Resources Foundation
Alberta Innovates - Bio Solutions
Alberta Innovates - Energy and Environment Solutions
Alberta Innovates - Health Solutions
Alberta Innovates - Technology Futures
Alberta Investment Management Corporation
Alberta Livestock and Meat Agency
Alberta Local Authorities Pension Plan Corp.
Alberta Pensions Services Corporation
Alberta Securities Commission
Alberta Social Housing Corporation
Alberta Sport, Recreation, Parks and Wildlife Foundation
Alberta Transportation Safety Board
Alberta Utilities Commission
Calgary and Area Child and Family Services Authority (a)
Central Alberta Child and Family Services Authority (a)
East Central Alberta Child and Family Services Authority (a)
Edmonton and Area Child and Family Services Authority (a)
Human Rights Education and Multiculturalism Fund
Metis Settlements Child and Family Services Authority (a)
Natural Resources Conservation Board
North Central Alberta Child and Family Services Authority (a)
Northeast Alberta Child and Family Services Authority (a)

Provincial Agencies (continued)

Northwest Alberta Child and Family Services Authority (a)
Persons with Developmental Disabilities Calgary Region Community Board (a)
Persons with Developmental Disabilities Central Region Community Board (a)
Persons with Developmental Disabilities Edmonton Region Community Board (a)
Persons with Developmental Disabilities Northeast Region Community Board (a)
Persons with Developmental Disabilities Northwest Region Community Board (a)
Persons with Developmental Disabilities South Region Community Board (a)
Southeast Alberta Child and Family Services Authority (a)
Southwest Alberta Child and Family Services Authority (a)
The Government House Foundation
The Wild Rose Foundation
Travel Alberta

Government Organizations

Alberta Insurance Council
Gainers Inc.
N.A. Properties (1994) Ltd.
Safety Codes Council

CROWN-CONTROLLED SUCH SECTOR ORGANIZATIONS

School Jurisdictions and Charter Schools (b)

Almadina School Society
Aspen View Public School Division No. 78
Aurora School Ltd.
Battle River Regional Division No. 31
Black Gold Regional Division No. 18
Boyle Street Education Centre
Buffalo Trail Public Schools Regional Division No. 28
Calgary Arts Academy Society
Calgary Girls' School Society
Calgary Roman Catholic Separate School District No. 1
Calgary School District No. 19
Connect Charter School Society (Calgary Science School Society was renamed to Connect Charter School effective January 1, 2014)
Canadian Rockies Regional Division No. 12
CAPE-Centre for Academic and Personal Excellence Institute
Chinook's Edge School Division No. 73
Christ the Redeemer Catholic Separate Regional Division No. 3
Clearview School Division No. 71

School Jurisdictions and Charter Schools (continued)

East Central Alberta Catholic Separate Schools Regional Division No. 16
East Central Francophone Education Region No. 3
Edmonton Catholic Separate School District No. 7
Edmonton School District No. 7
Elk Island Catholic Separate Regional Division No. 41
Elk Island Public Schools Regional Division No. 14
Evergreen Catholic Separate Regional Division No. 2
Foothills School Division No. 38
Fort McMurray Public School District No. 2833
Fort McMurray Roman Catholic Separate School District No. 32
Fort Vermilion School Division No. 52
Foundations for the Future Charter Academy Charter School Society
Golden Hills School Division No. 75
Grande Prairie Roman Catholic Separate School District No. 28
Grande Prairie School District No. 2357
Grande Yellowhead Public School Division No. 77
Grasslands Regional Division No. 6
Greater North Central Francophone Education Region No. 2
Greater Southern Public Francophone Education Region No. 4 (dissolved August 15, 2013)
Greater Southern Separate Catholic Francophone Education Region No. 4 (dissolved August 15, 2013)
Greater St. Albert Roman Catholic Separate School District No. 734
High Prairie School Division No. 48
Holy Family Catholic Regional Division No. 37
Holy Spirit Roman Catholic Separate Regional Division No. 4
Horizon School Division No. 67
Lakeland Roman Catholic Separate School District No. 150
Lethbridge School District No. 51
Living Waters Catholic Regional Division No. 42
Livingstone Range School Division No. 68
Medicine Hat Catholic Separate Regional Division No. 20
Medicine Hat School District No. 76
Mother Earth's Children's Charter School Society
New Horizons Charter School Society
Northern Gateway Regional Division No. 10
Northern Lights School Division No. 69
Northland School Division No. 61
Northwest Francophone Education Region No. 1
Palliser Regional Division No. 26
Parkland School Division No. 70
Peace River School Division No. 10
Peace Wapiti School Division No. 76

School Jurisdictions and Charter Schools (continued)

Pembina Hills Regional Division No. 7 (including Alberta Distance Learning Centre)
Prairie Land Regional Division No. 25
Prairie Rose School Division No. 8
Red Deer Catholic Regional Division No. 39
Red Deer Public School District No. 104
Rocky View School Division No. 41
St. Albert Public School District No. 5565
St. Paul Education Regional Division No. 1
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38
Sturgeon School Division No. 24
Southern Francophone Education No. 4 (established August 15, 2013)
Suzuki Charter School Society
Valhalla School Foundation
Westmount Charter School Society
Westwind School Division No. 74
Wetaskiwin Regional Division No. 11
Wild Rose School Division No. 66
Wolf Creek School Division No. 72

Post-secondary Institutions

Alberta College of Art and Design
Athabasca University
Banff Centre
Bow Valley College
Grande Prairie Regional College
Keyano College
Lakeland College
Lethbridge College
MacEwan University
Medicine Hat College
Mount Royal University
NorQuest College
Northern Alberta Institute of Technology
Northern Lakes College
Olds College
Portage College
Red Deer College
Southern Alberta Institute of Technology
University of Alberta
University of Calgary
University of Lethbridge

Alberta Health Services and Other Health Entities

Alberta Health Services
Health Quality Council of Alberta

The following organizations are accounted for on the modified equity basis in these financial statements:

Government Business Enterprises

Alberta Gaming and Liquor Commission
ATB Financial
Credit Union Deposit Guarantee Corporation
Alberta Petroleum Marketing Commission

[a] Pursuant to the *Building Families and Communities Act*, the ten Child and Family Services Authorities (CFSA) and six Persons with Development and Disabilities (PDD) Boards were dissolved. Cash and cash equivalents of the CFSA and PDD Boards were transferred to the General Revenue Fund. The remaining assets and liabilities were transferred to the Department of Human Services on January 1, 2014.

[b] Under various Acts and other legislative authorities there were in year changes to school jurisdictions in Alberta.

GLOSSARY

Absolute return strategies: Absolute return strategies (hedge funds) encompass a wide variety of investments with the objective of realizing positive returns regardless of the overall market direction. A common feature of many of these strategies is buying undervalued securities and selling short overvalued securities. Some of the major types of strategies include long/short equity, merger arbitrage, fixed income arbitrage, macroeconomic strategies, convertible arbitrage, distressed securities and short selling.

Accrued interest: Interest income that has been earned but not paid in cash at the financial statement date.

Alternative investments: Investments considered outside of the traditional asset class of stocks, bonds and cash. Examples include hedge funds, private equities, private income, timberland and asset-backed commercial paper.

Amortized cost: Amortized cost is the amount at which a financial asset or a financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Ask price: The price a seller is willing to accept for a security, also known as the offer price.

Asset mix: The percentage of an investment fund's assets allocated to major asset classes (for example 50% equities, 30% interest-bearing securities and 20% inflation sensitive and alternative investments).

Bid price: The price a buyer is willing to pay for a security.

Call provision: An option included in a bond that gives the bond issuer the right to buy back all or part of a bond issue prior to maturity.

Cash equivalents: Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short tem cash commitments rather than for investing or other purposes.

Constructed Budget: The result of revising the Province's Fiscal Plan to the same basis and scope of reporting as that used in the consolidated financial statements.

Counterparty risk: The risk that the other party in an agreement will default.

Credit risk: The risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Debenture: A financial instrument showing a debt where the issuer promises to pay interest and repay the principal by the maturity date. It is usually unsecured, meaning there are no liens or pledges on specific assets.

Debt servicing cost: Debt servicing costs consists of interest paid on various forms of government debt.

Deferred capital contribution: The unamortized portion of tangible capital assets or liabilities to construct or acquire tangible capital assets from specific purpose funding received from the Government of Canada or by donation. Deferred capital contributions are recorded in revenue over the estimated useful life of the underlying tangible capital assets once constructed or acquired by the Province.

Defined benefit pension plan: A pension plan that specifies either the benefits to be received by an employee, or the method of determining those benefits, such as a pension benefit equal to two percent of the average of the five highest consecutive years' salary times the total years of service.

Derecognition: The removal of previously recognized financial assets or financial liabilities from a government's statement of financial position.

Derivative contract: Financial contracts, the value of which is derived from the value of underlying assets, indices, interest rates, or currency rates. They usually give rise to a financial asset of one party and a financial liability or equity instrument of another party, require no initial net investment, and are settled at a future date.

Discount: The difference between the price paid for a security and the security's par or face value. Because price fluctuates with interest rates, price will differ from the face value. For example, if interest rates are higher than the coupon rate, then the security is sold at a discount.

Emerging market: An economy in the early stages of development, with markets of sufficient size and liquidity, and receptive to foreign investment.

Endowment funds: Endowment funds generally are established by donor gifts and bequests to provide a permanent endowment, which is to provide a permanent source of income, or a term endowment, which is to provide income for a specified period. The endowments may or may not be restricted in how they are used.

Fair value: The amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act. Fair value is similar to market value.

Financial asset: An asset that could provide resources to pay liabilities or finance future operations. A financial asset could be cash, a right to receive cash or another financial asset from another party, a right to exchange financial instruments with another party under conditions that are potentially favourable, or equity of another entity.

First-in, first-out: A method of valuing inventory where the cost of the first goods purchased or acquired is the cost assigned to the first goods sold. Therefore, the cost allocated to the inventory items on hand at the end of the period is the cost of those items most recently acquired.

Fixed income instrument: Interest bearing instrument that provides a return in the form of fixed periodic payments and eventual return of principal at maturity, or money market instrument such as treasury bills and discount notes.

Floating rate: An interest rate that is reset periodically, usually every couple of months or sometimes daily.

Hedging: An activity designed to manage exposure to one or more risks. When management designates a hedging relationship, it must identify the specific items included in the hedging relationship, the risk that is being hedged, and the period over which the hedging relationship is intended to be effective. The designation of the hedging relationship is documented formally in the entity's records when designation occurs.

Interest rate risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of future changes in market interest rates.

Leveraging: The use of various financial instruments or borrowed capital to increase the potential return of an investment.

Liquidity: The ease with which an asset can be turned into cash and the certainty of the value it will obtain.

Market risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of future changes in market prices.

Net realizable value: The selling price less the estimated costs of completion and costs necessary to make the sale.

Par value: A value set as the face or principal amount of a security, typically expressed as multiples of $100 or $1,000. Bondholders receive par value for their bonds at maturity.

Prepaid expenses: An expenditure that is paid for in one accounting period, but which will not be entirely consumed until a future period. Consequently, it is carried on the Consolidated Statement of Financial Position as an asset until it is consumed.

Present value: Today's value of one or more future cash payments, determined by discounting the future cash payments using interest rates.

Price risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

Private equity: An ownership interest in a privately held company.

Public equity: An ownership interest in a publicly traded company.

Glossary (continued)

Public private partnership (P3): A legally-binding contract between the Province and one or more public or private partners for the provision of assets and the delivery of services that allocates responsibilities and business risks among the various partners.

Realized gains and losses: Gains or losses are realized when investments are sold at a price over or below its book value and selling costs.

Refinancing risk: The risk that the fair value or future cash flows of a financial instrument will fluctuate due to refinancing.

Repurchase agreement (Repo): An agreement between two parties whereby one party sells the other a security at a specified price with a commitment to buy the security back at a later date for another specified price.

Segment: A distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to help users of the financial statements identify the resources allocated to support the major activities of the government.

Temporary loss: Determining when a loss is other than temporary is a matter of judgment, but it is generally presumed if a condition indicating a loss in value has persisted for a period of three or four years.

Unmatured debt: Unredeemed Government securities that have not matured and that are issued in respect of money raised under section 56(1) of the *Financial Administration Act*, and the total outstanding borrowings of Alberta Social Housing Corporation.

Yield curve: A graphic line chart that shows interest rates at a specific point for all securities having equal risk, but different maturity dates.

MEASURING UP

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MEASURING UP

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MANAGEMENT'S RESPONSIBILITY FOR REPORTING

Responsibility for the integrity and objectivity of the non-financial performance results reported in the province's annual performance report *Measuring Up*, a component of the Government of Alberta's Annual Report, rests with the government. *Measuring Up* is prepared by the Assistant Deputy Minister of Budget Development and Reporting under the general direction of the Deputy Minister of Treasury Board and Finance as authorized by the President of Treasury Board and Minister of Finance pursuant to Section 12 of the *Fiscal Management Act*.

Under Section 12, the government is to prepare and make public on or before June 30 of each year a consolidated annual report for the Province of Alberta for the fiscal year ended on the preceding March 31. The annual report must include a comparison of the actual performance results to the targets included in the government business plan and an explanation of any significant variances. As required by the *Fiscal Management Act, Measuring Up* is published with the consolidated annual report of the Government of Alberta that forms part of the Public Accounts.

In order to meet government reporting requirements, the Assistant Deputy Minister of Budget Development and Reporting obtains performance results relating to each ministry as necessary. Deputy heads in each ministry are responsible for maintaining management and internal control systems to ensure that the information provided by their ministry for presentation in *Measuring Up* is prepared in accordance with the following criteria:

- **Reliability**— information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- **Understandability**—the performance measure methodologies and results are presented clearly.
- **Comparability**—the methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- **Completeness**—goals, performance measures and related targets match those included in *Budget 2013*.

Measuring Up is reviewed by the Audit Committee, which is established under the *Auditor General Act*. The Audit Committee advises the Lieutenant Governor in Council on the scope and results of the Auditor General's audit of *Measuring Up*. The Auditor General of Alberta provides an independent report on the verification of completeness, reliability, comparability and understandability of four of 18 performance measures published in *Measuring Up*, which are prepared by the government. The four audited performance measures are identified in *Measuring Up* with "audited". Performance measures for each goal were selected for audit based on a combination of characteristics including: best represented the goal and mandated initiatives; had well established methodology and reporting of data; and had outcomes over which the government had a greater degree of influence.

Annually, *Measuring Up* is tabled in the Legislature as a part of the Public Accounts and is referred to the Standing Committee on Public Accounts of the Legislative Assembly.

Original signed by

Ray Gilmour
Deputy Minister of Treasury Board and Finance
June 18, 2014

READERS' GUIDE

Measuring Up is part of the Alberta government's commitment to be accountable and transparent to the people of Alberta. It endeavours to go beyond the reporting of financial information by answering the questions: what did the government achieve with the dollars spent and did the government make progress toward achieving its goals?

Answering these questions is accomplished by comparing the results of performance measures to targets and reporting on progress made on key priorities identified under the seven goals of the *2013–16 Government of Alberta Strategic Plan*. When comparing targets to results, readers will notice that sometimes targets do not correspond directly with a measure's previous or current results. Targets may be set before these results are known or may be based, not on projected results, but instead on public expectations or comparisons to the results that other organizations have achieved.

In addition to performance measures the strategic plan goals have performance indicators. Performance measures illustrate what progress is being achieved relative to desired targets, while indicators help outline the broad context relating to each goal.

Analysis comparing results to targets is presented with the performance measure graphs. Indicator graphs and graphs presenting contextual information have descriptive analysis to assist the reader in understanding the information presented.

Performance measure report tables, the Auditor's Report on selected performance measures and sources and notes are included in *Measuring Up 2014* on the same basis as previous reports; however, the results narrative is presented somewhat differently than it has been presented in prior years. Results are organized by each of the following three themes (and associated goals) depicted in the *2013–16 Government of Alberta Strategic Plan*:

- Investing in Families and Communities
  - Honour Alberta's Communities
  - Support Vulnerable Albertans
  - Healthy Albertans
- Securing Alberta's Economic Future
  - Invest in Learning
  - Preserve the Province's Finances
- Advancing World-leading Resource Stewardship
  - Innovative and Responsible Resource Development
  - Build Relationships and Markets

As well, one or more of the following results-based budgeting (RBB) lines of business are also aligned with each of the above themes as depicted in Figure 1 on Page 82.

- Health
- Wellness
- Support to Albertans in Need
- Early Childhood Development
- Protecting Albertans
- Municipalities and Regional Planning
- Recreation and Culture
- Economic Development
- Resource Management and Environmental Stewardship[1]
- Education
- Enterprise and Ministry Support Services

All government programs and services are categorized under one of these 11 lines of business. RBB is a process undertaken by government that prioritizes the allocation of government resources to ensure that relevant programs and services are meeting their intended outcomes; and, are being delivered in the most effective and efficient way possible. Approximately two-thirds of government programs and services have been reviewed since the introduction of the RBB process in 2012, when the *Results-based Budgeting Act* became law. RBB is about outcomes for Albertans. *Measuring Up* presents its key accomplishments for the 2013-14 fiscal year and is organized by each line of business.

Measuring Up also includes a high level results summary for each of the following focused agenda items, identified in the *2013–16 Government of Alberta Strategic Plan.* Focused agenda items are critical areas where special attention, discipline and effort from government are required to drive meaningful change and results. They are:

- early childhood development;
- primary health care;
- education and entrepreneurship;
- a rebalanced fiscal framework;
- an integrated resource management system; and
- market access.

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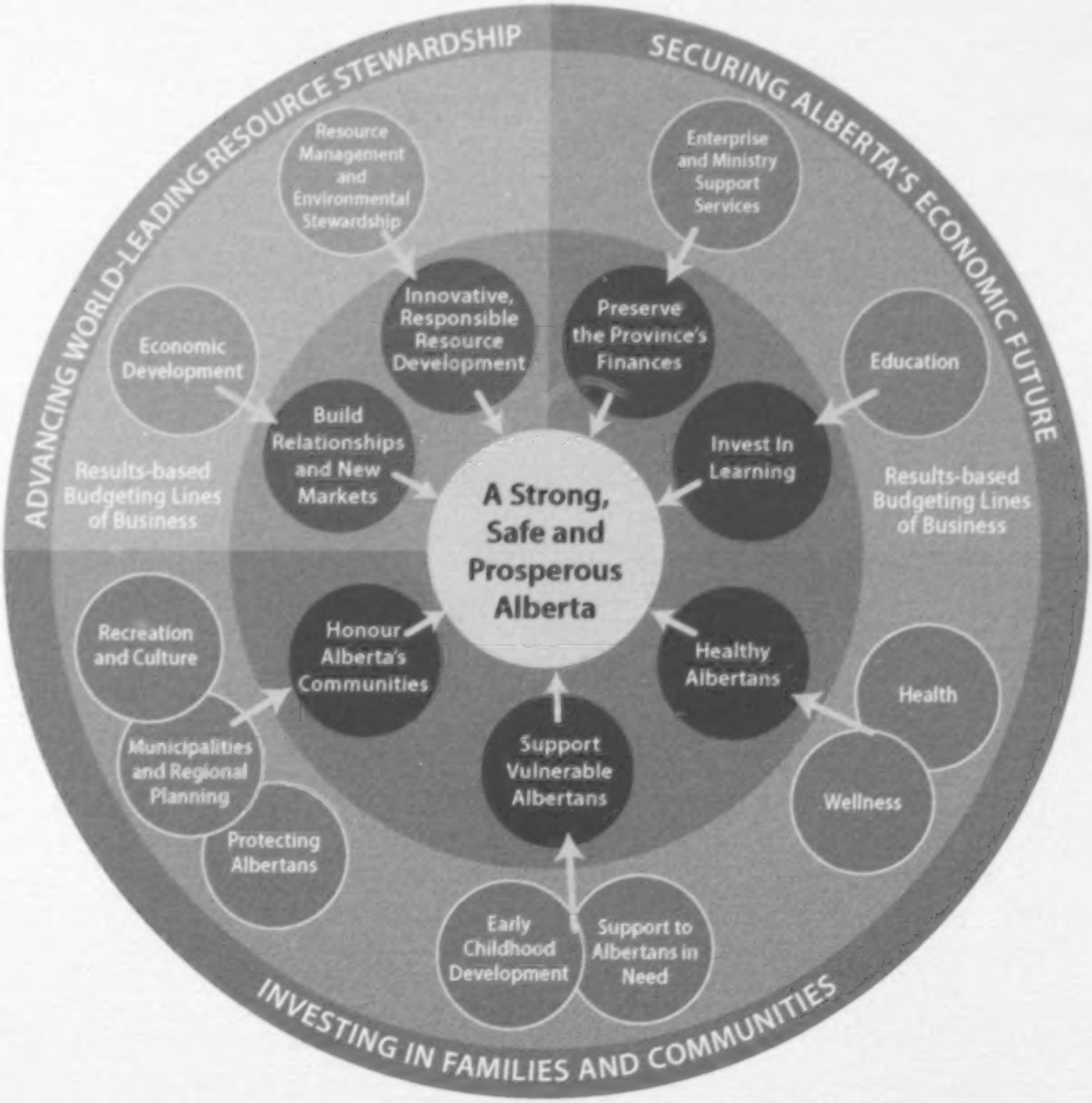
[1] "Resource Management" and "Environmental Stewardship" were originally considered to be separate lines of business, resulting in twelve lines of business. Combined together they form one line of business: "Resource Management and Environmental Stewardship".

GOVERNMENT OF ALBERTA STRATEGIC PLANNING AND RESULTS-BASED BUDGETING (RBB) FRAMEWORK

(Figure 1)


ADVANCING WORLD-LEADING RESOURCE STEWARDSHIP
SECURING ALBERTA'S ECONOMIC FUTURE
INVESTING IN FAMILIES AND COMMUNITIES
Resource Management and Environmental Stewardship
Enterprise and Ministry Support Services
Economic Development
Education
Results-based Budgeting Lines of Business
Results-based Budgeting Lines of Business
Innovative, Responsible Resource Development
Preserve the Province's Finances
Build Relationships and New Markets
Invest In Learning
A Strong, Safe and Prosperous Alberta
Honour Alberta's Communities
Healthy Albertans
Support Vulnerable Albertans
Recreation and Culture
Municipalities and Regional Planning
Protecting Albertans
Health
Wellness
Early Childhood Development
Support to Albertans in Need

EARLY CHILDHOOD DEVELOPMENT

The foundation for strong and healthy children is set in the early years, starting even before they are born. All children need a healthy start, nurturing relationships, and safe, supportive environments to grow, learn and thrive. Their future health and success in school, work and relationships depends on this.

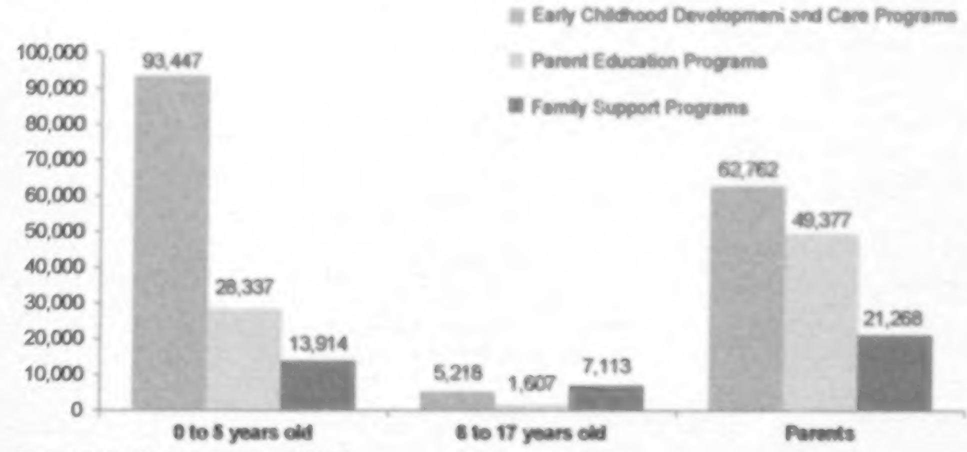
The Government of Alberta made the strategic decision to focus special attention and effort on early childhood development (ECD) to help Alberta's children realize their full potential. Developed by government, An Alberta Approach to Early Childhood Development focuses on four strategic priorities: maternal, infant and child health; enhancing parenting resources and supports; enriching early learning and care; and supporting safe environments for children.

Under the Together We Raise Tomorrow public engagement, the government engaged with Albertans through 302 in-person community conversations and on-line tools, to gather input on the Alberta Approach and inform the development of an integrated ECD system of quality, inclusive and accessible supports to ensure children are able to reach their full potential.

Children First Act

The *Children First Act* was passed by the Legislative Assembly in May 2013. The Act will improve the well-being, safety, security, education and health of children. It also enhances the tools, processes and policies that impact how government and service providers deliver programs and services for children and youth. The Act aligns with and supports the work of the Early Childhood Development focused agenda item and other initiatives including: Alberta's Social Policy Framework, Poverty Reduction Strategy, and Alberta's Information Sharing Strategy.

Program Participation in Parent Link Centres' (PLC) Core Service Areas



Source: PLC Activity Reporting, 2012-13.

Descripton: Those attending PLCs often attend multiple types of programming in several categories, and are counted once in each of these. The number of unique individuals attending PLCs in 2012-13 was 91,208 (36,549 children aged 0 to 5 years old, 8,142 youth aged 6 to 17 years old, and 46,517 parents). Parent Link Centres are community-based family resource centres whose mandate is to improve child and family well-being, promote positive parent-child relationships and improve parenting knowledge and skills, thus reducing risk factors for child maltreatment.

Note: Number of participants does not equal "unique individuals".

Primary Health Care Strategy – *A primary health care system that supports Albertans to be as healthy as they can be*

The Government of Alberta has made significant progress on several primary health care initiatives. The Primary Health Care Strategy has been completed and will be released in the coming months. The strategy describes the vision for primary health care in Alberta and will guide all other primary health care initiatives. The development of this strategy involved substantial guidance and input from experts in primary health care. Work is now underway to finalize the action plan, which will set out a detailed plan for moving the strategy forward to implementation. An evaluation framework for primary health care has also been completed. This is an essential step towards having an effective system of measurement in primary health care, in order to continuously evaluate and improve the system.

What Do the Outcomes of the Primary Health Care Strategy Mean for Albertans?

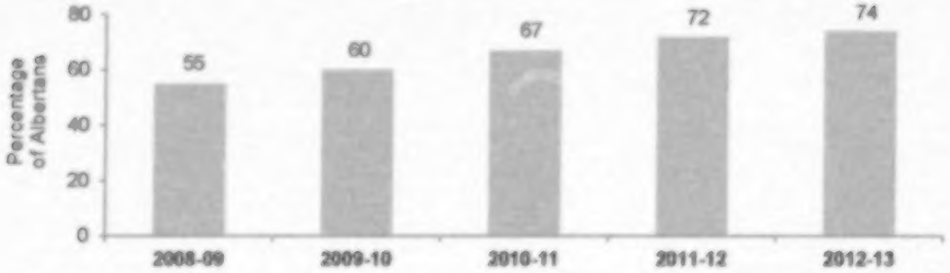
- Enhancing the delivery of care means that Albertans without a family doctor will be able to sign up to get a regular health care provider or team of providers and that access will be faster.
- Cultural change is about changing the way individuals see and think about their health and health care. Albertans will be supported to be active in their health and will have the ability to interpret and act on their health information.
- Building blocks for change are about changing the way primary health care is organized, particularly at the system level. Albertans will see these changes in many ways – such as not having to repeat their stories every time they seek care or undergo duplicate testing.

The Primary Care Alliance (PCA), with support from government and Alberta Health Services, is leading work to enhance the Primary Care Network (PCN) delivery model and to move towards a standardized model for primary health care services. In January 2013, the province asked the PCA to lead development of a blueprint and action plan for enhanced PCNs, which the PCA submitted in December 2013. Work is underway to implement early opportunities to enhance PCNs in collaboration with the PCA.

PCNs were established to provide better access, greater health promotion and chronic disease management, improved care coordination and more use of interdisciplinary teams. First envisioned in 2003, there are over 40 PCNs operating in Alberta. Approximately 3,300 providers (family physicians, pediatricians and nurse practitioners) participate in a PCN, and approximately 3.2 million Albertans are informally enrolled with PCNs. Approximately 800 other health care providers, including nurses, dieticians, social workers and pharmacists, are currently part of a PCN.

Access to Primary Care Through Primary Care Networks

Percentage of Albertans enrolled in a Primary Care Network



Source: Government of Alberta, Alberta Health, Alberta Health Care Insurance Plan Statistical Supplement

Indicator Analysis: The percentage of Albertans enrolled in a PCN increased from 55 percent in 2008-09 to 74 per cent in 2012-13. Work is underway to further evolve PCNs in Alberta. Early projects are already underway to improve patients' knowledge about the services available through their PCNs.

Family Care Clinics

Family care clinics (FCCs) are based in a single location and focus on the unique health and social needs of the communities they serve. They provide non-emergency primary health care services, such as diagnosis and treatment of illness, screening, immunization, health promotion, chronic disease prevention and management, and links to other health and community agencies. There are currently three FCCs in Alberta: Edmonton, Calgary and Slave Lake.

The government has been engaged in an extensive consultation process with 24 high-needs communities in Alberta to gauge the potential to develop community-focused FCCs.

Up to $45 million in funding *(Budget 2014)* is being made available to the following areas for the development of service-specific FCCs in 2014-15:

Calgary Centre North – with a strong focus on vulnerable seniors;

Calgary West Bow – focused on unattached patients;

Consort – focused on seniors who live alone;

Edmonton Boyle McCauley – focused on vulnerable youth;

Edmonton Oliver – proposed collaborative team training site;

Metis Nation Association of Alberta – aimed at meeting the needs of the Metis population;

Peace River – focused on outreach for seniors and targeted services for newborns and children;

Sylvan Lake – focused on same day and extended hour access; and

Siksika – focused on elder care, nutrition and diabetes, and after-hours access.

Alberta Students are Among the Best in Canada and the World When it Comes to Solving Complex Problems

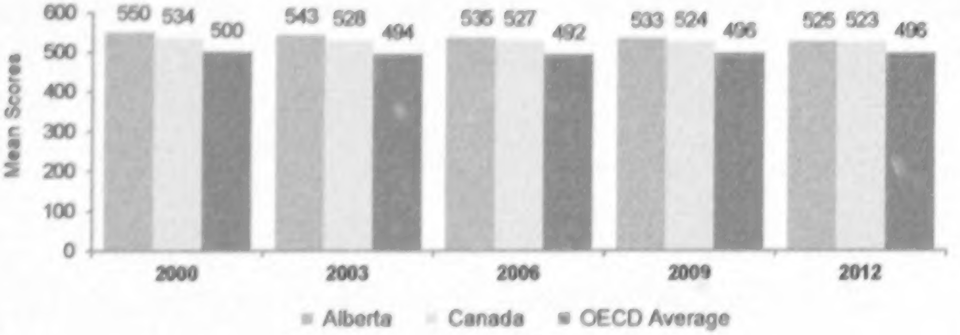
Results of an international study conducted in 2012 reveals that Alberta students are among the best in Canada and the world when it comes to solving complex problems. On the computer-based problem solving component of the Programme for International Student Assessment (PISA), Alberta students tied for top place in Canada and fourth best in the world. A total of 53 jurisdictions across the globe participated in this component of PISA.

The results for the computer-based problem solving component of PISA are the fourth and final results to be released for the 2012 test. Previously released results show Alberta students continue to perform strongly on other test components, ranking fourth in science, fifth in reading, and 11th in math out of 74 participating jurisdictions.

PISA is administered every three years by the Organization for Economic Co-operation and Development (OECD). In Alberta, approximately 2,900 students from public, separate, francophone, charter, and private schools participated in PISA in the spring of 2012.

International Literacy (15 years old)

Performance of Alberta students in the Programme for International Student Assessment (PISA) of Reading Literacy



Source: Council of Ministers of Education, Canada

Indicator Analysis: The average score of Alberta students in reading (525) continues to be well above the OECD average of 496 in the 2012 assessment. In 2012, students in Alberta performed at the Canadian average whereas in 2000 they performed above the Canadian average.

The decline in average reading score from 550 in 2000 to 525 in 2012 is similar to the decline in other provinces such as Saskatchewan, Manitoba, Quebec and P.E.I. Although Canada's average score in reading also decreased from 534 in 2000 to 523 in 2012, this decrease was not statistically significant.

Note: Three (OECD) countries (The Netherlands, the Slovak Republic and Turkey) were not included in the PISA 2000 assessment.

Strengthening Partnerships with Post-secondary Institutions

The government is strengthening partnerships with post-secondary institutions and focusing on achieving system-wide, Campus Alberta objectives. In 2013-14, government engaged extensively with post-secondary institutions, student leaders and faculty associations to develop common outcomes and indicators for the advanced learning system. This kind of collaboration improves system sustainability and flexibility to meet Alberta's diverse social, economic, and learner needs over the long term.

Strengthening Partnerships with the Research and Innovation Sector and Renewing the Province's Research Agenda

The government is engaging Alberta's research and innovation communities for more collaborative action. In this way, effort is focused strategically to transform the system and produce the greatest benefit to Albertans.

Significant work began in 2013 through an expert panel that consulted with over 160 stakeholders and made recommendations about the evolution of the province's research and innovation system. In spring 2014, government approved the establishment of the Alberta Innovation Council. The Council's purpose will be to advise the Premier and Cabinet on innovation policies, strategies and initiatives, and members will come from the government, Campus Alberta, innovation service providers and industry.

Together, government and stakeholders will develop a shared understanding of the challenges faced by the system and the actions needed to address them. Such coordinated system evolution will enable more collaboration between academia and industry, supporting research that is aligned with Alberta's social and economic needs.

As part of this engagement approach, government signed a Memorandum of Understanding with Siemens Canada. This partnership will match Siemens' research and development capacity with Alberta companies to accelerate technology commercialization. Also, Siemens will establish its Canadian Energy Headquarters in Calgary, increasing access to corporate decision makers for technology-focused small and medium enterprises.

The government's efforts to transform the innovation system include thinking beyond new technologies. In spring 2014, the *Savings Management Act* was passed, establishing a new Social Innovation Endowment. Social innovation is the process of translating new ideas into tangible social impact, and the Social Innovation Endowment will help foster solution-oriented approaches to solving Alberta's complex social challenges. The endowment will receive an immediate capitalization of $500 million, with an additional $500 million to be provided in 2015-16. Annual disbursements will start in 2015-16.

Strengthening Partnerships with Industry

A significant number of Alberta agencies, associations and groups share the common goal of developing our economy for sustained prosperity. In 2013-14, the government collaborated with partners across the province to begin developing an economic development framework that can guide collective effort. The framework will focus on expanding market access; improving resource-based and resource-related industries; enabling firms with high growth potential; and inspiring entrepreneurs to innovate, commercialize, and expand businesses across the province.

Supporting Small Businesses

Small businesses are the lifeblood of Alberta's economy. They make up about 95 per cent of all businesses in Alberta and are responsible for approximately 35 per cent of all private sector employment. Supporting small businesses to grow and excel in global markets helps empower Alberta's entrepreneurs and supports the economic growth of the province.

Government has begun developing a strategy to help foster small business and entrepreneurs, beginning with a series of stakeholder consultations with small business owners throughout Alberta.

REBALANCED FISCAL FRAMEWORK

In the fall of 2013, Albertans were asked for their thoughts, including how the province's savings should be used. Further input was gathered at the Alberta Economic Summit followed by budget consultations on-line or in communities across the province. More than 2,400 Albertans provided government with their input.

In the spring of 2014, the *Savings Management Act* was passed facilitating a renewed purpose for savings which will grow to $26 billion over the next three years. The Act established two innovative-oriented endowment accounts, an enhanced Alberta Heritage Scholarship Fund and the new Alberta Futures Fund.

In 2013-14, Alberta's AAA credit rating was maintained, with employment growth leading all provinces. An increase in consumer spending and residential investment, along with gains in business investments and exports, improved the economy in 2013-14.

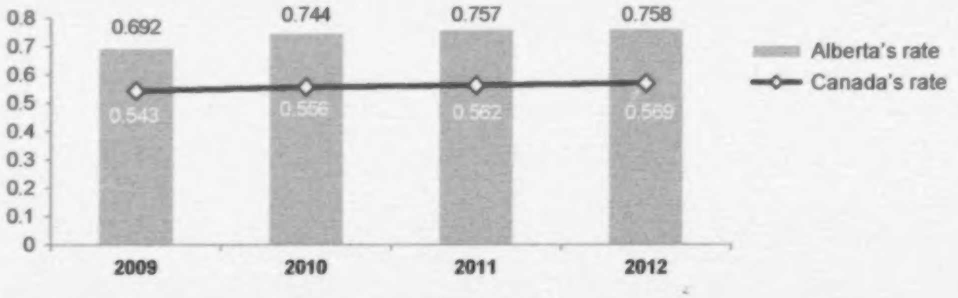
The province's actual revenue for 2013-14 was higher than budgeted. Even with the costs of the 2013 floods, there was an increase in net assets on a fiscal plan basis in 2013-14.

Economic Dashboard

With its new web-based Economic Dashboard, Alberta is the first jurisdiction in Canada and one of only a few in North America to offer comprehensive provincial economic information on-line.

The Dashboard provides 26 economic metrics specific to the Alberta economy and will be updated on a near-daily basis.

Index of Economic Well-Being
Standard of Living



Source: Centre for the Study of Living Standards

Indicator Analysis: The rates indicates Alberta's and Canada's position on an indexed scale derived from weighting four variables of economic well-being: consumption, wealth, equality and security. Alberta ranked first among all provinces for the four calendar years presented in the figure which demonstrates that Albertans enjoy the highest standard of living in Canada.

This user-friendly, on-line tool translates to mobile devices and allows for easy, on-the-go access to valuable business information. The Dashboard's data is available to Albertans on the Open Data Portal.

AN INTEGRATED RESOURCE MANAGEMENT SYSTEM

Alberta is developing an integrated resource management system (IRMS) that will help Alberta achieve the environmental, economic and social outcomes Albertans and the world expect from responsible resource development. The system will help Alberta maintain the social license needed to continue to develop resources and expand market access. IRMS is based on cumulative effects management of energy, mineral, forest, agriculture, land, air, water and biodiversity resources.

A fully functional integrated resource management system will:

- integrate and align natural resource and environmental policies;
- provide clear environmental, economic, and social outcomes to guide all parties operating on the landscape;
- assure the outcomes, policies, and plans advance the public interest;
- create a robust program to measure, evaluate and report environmental, economic and social conditions and outcomes;
- build strong relationships with partners and stakeholders through meaningful engagement;
- provide open and transparent environmental, economic and social data to assist natural resource management decision-making; and
- use Alberta's experience and innovation, as well as the expertise and experiences of others, to continually improve the system.

Priority initiatives to advance IRMS development include:

- regional land-use plans;
- environmental monitoring;
- integrated energy policy and regulatory system; and
- strong relationships with partners and stakeholders.

Regional Land-use Plans

Alberta is developing seven long-term land-use plans based on the province's major watersheds. Land-use plans promote economic growth that brings good jobs, vibrant communities, and a clean and healthy environment. Setting firm limits for air, land and water, protects the environment and allows for sustainable growth.

The draft South Saskatchewan Regional Plan was released for a final round of consultation in 2013. The plan includes commitments to implement environmental management frameworks for air, surface water and biodiversity. The South Saskatchewan Regional Plan is expected to be approved in 2014.

The government continues implementation of the Lower Athabasca Regional Plan and is completing a number of strategies, such as a biodiversity management framework and a landscape management plan to support implementation. A regional strategic assessment is being conducted for the south Athabasca oil sands area, which is the main area of in situ oil sands development in the region. This prototype will assess the cumulative effects of future development; the output from this initiative will feed into the Landscape Management Plan. The Landscape Management Plan will support the achievement of the objectives of the Biodiversity Management Framework, and other relevant provincial policy outcomes, by defining specific actions to manage the cumulative effects of human activities on air, land, water and biodiversity. Also, the 2013 Lower Athabasca Regional Plan Annual Report is being developed for release in summer 2014.

In 2013, preparations for the North Saskatchewan Regional Plan began, including developing the terms of reference for the plan. A Regional Advisory Council will be established in 2014. Regional Plans will also be developed for the Upper and Lower Peace, Upper Athabasca and Red Deer regions.

Environmental Monitoring

Alberta has taken the final steps to establish an arms-length public agency with a board of directors to provide open and transparent access to scientific data and information on the condition of the environment.

Establishment of the Alberta Environmental Monitoring, Evaluation, and Reporting Agency (AEMERA) is a crucial aspect of the integrated resource management system. The Agency's vision is to become a world-leading innovator in environmental monitoring, evaluation and reporting and to provide credible and trusted scientific data and knowledge on the condition of Alberta's air, land, water and biodiversity. This will inform policymakers, regulators, planners, researchers, communities, stakeholder groups, industries and the general public.

Regulatory Enhancement Task Force Recommendations

Work on the recommendations from the Regulatory Enhancement Task Force is ongoing and will result in a risk-informed, enhanced and comprehensive system for policy development and assurance functions in natural resource development in the province. Specific recommendations include:

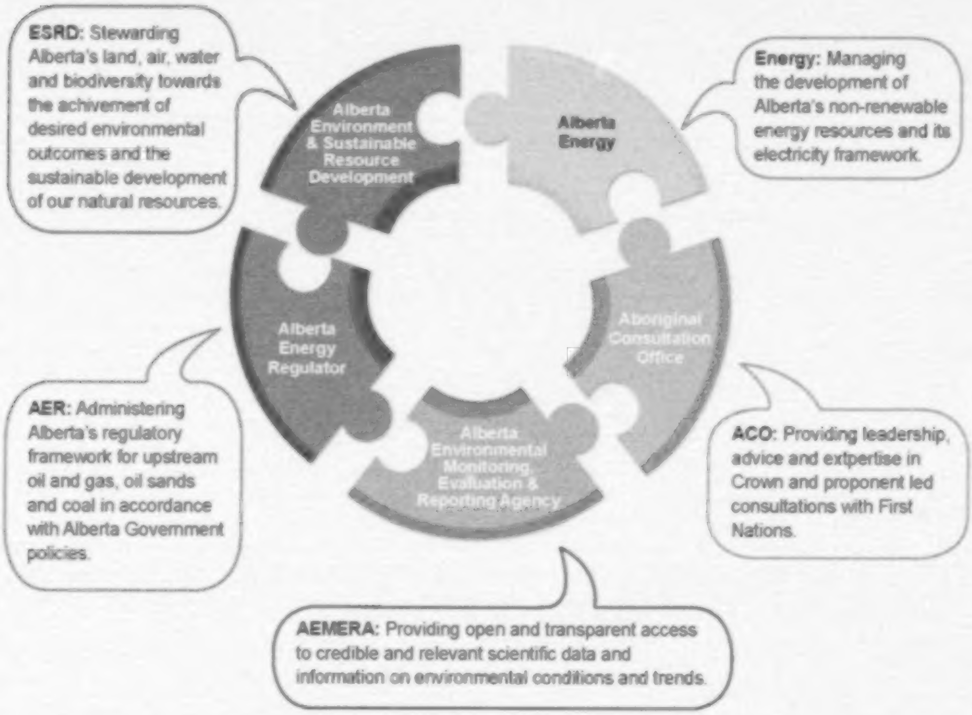
- ensuring clear engagement processes are used that enable parties to engage effectively at the policy development and policy assurance stages;
- ensuring a systematic and common risk assessment and management approach is used across the system;
- adopting a performance measurement framework and public reporting function to measure and communicate the effectiveness of the system; and
- ensuring development of an effective mechanism to address landowner concerns.

Proclamation of the *Responsible Energy Development Act* was an important milestone this past year. This legislation dissolved the former Energy Resources Conservation Board (ERCB) and established the Alberta Energy Regulator (AER) to regulate the full life-cycle of upstream oil and gas, oil sands and coal projects from application to reclamation.

Since its launch, the AER has successfully transitioned into the single energy regulator for Alberta. The transition took place through a three-phased approach. Each phase saw the AER assume new functions and responsibilities—as they relate to energy resource development—that were previously held by the ERCB and other entities of the province. These new functions enable the AER to protect land, water and air as it relates to oil and gas, oil sands and coal development.

The following diagram depicts some of the core organizations that are working together in a new way to create an integrated resource management system and over time, the system will evolve to include more organizations, partners, and stakeholders.

Integrated Resource Management System


Alberta Environment & Sustainable Resource Development
Alberta Energy
Aboriginal Consultation Office
Alberta Environmental Monitoring, Evaluation & Reporting Agency
Alberta Energy Regulator

ESRD: Stewarding Alberta's land, air, water and biodiversity towards the achivement of desired environmental outcomes and the sustainable development of our natural resources.

Energy: Managing the development of Alberta's non-renewable energy resources and its electricity framework.

AER: Administering Alberta's regulatory framework for upstream oil and gas, oil sands and coal in accordance with Alberta Government policies.

ACO: Providing leadership, advice and extpertise in Crown and proponent led consultations with First Nations.

AEMERA: Providing open and transparent access to credible and relevant scientific data and information on environmental conditions and trends.

Source: ESRD; AER; AEMERA; ACO; and Energy

In 2013-14, the Government of Alberta continued its work to develop and grow new markets around the globe for Alberta's products and services. These efforts included implementation of Alberta's new International Strategy and the expansion of Alberta's network of international offices in priority markets; leading the development of the Canadian Energy Strategy; advocating for important projects that get Alberta's resources to market, such as the Keystone XL pipeline expansion and the proposed Energy East pipeline; reducing barriers to trade, labour mobility and investment and development of an integrated resource management system that demonstrates Alberta's commitment to responsible resource development.

Bilateral and Multilateral Partnerships and Cooperative Approaches on Issues of Mutual Importance With Other Governments

Missions to Washington D.C. in April and November 2013 and New York City in June 2013 provided the opportunity to convey to key influencers and decision-makers Alberta's role as a world-class energy producer and leader in sustainable resource development. The missions highlighted Alberta's advancements in green technology, as well as opportunities for jobs and economic growth for both Canadians and Americans.

The World Economic Forum's Annual Meeting of New Champions 2013, also provided opportunities to promote trade and attract investment to Alberta. This mission laid the groundwork for a strengthened relationship with China on investment and energy cooperation, and preceded Alberta's historic Framework Agreement on Sustainable Energy Development with China's National Energy Administration, which was signed in October 2013.

In January 2014, an Alberta business delegation attended PETROTECH-2014 in India, South Asia's largest oil and gas conference and exhibition. This mission provided an opportunity to promote Alberta as a safe and secure investment destination and to highlight Alberta's commitment to responsible resource development. Alberta signed a Memorandum of Understanding with the State of Meghalaya, and an agreement for Joint Cooperation on Agriculture with the State of Punjab, to help increase agricultural exports from Alberta to meet India's growing demand, government also promoted the new Alberta International Office in New Delhi.

Alberta was also represented at key domestic intergovernmental meetings, including the Council of the Federation (COF) Annual Summer Meeting (July 2013), the Fall Meeting on the Economy (November 2013), and the New West Partnership meeting (March 2014). Alberta worked to advance agenda items of interest to the province at the meetings, such as: the Canadian Energy Strategy; jobs and economic growth; strategic infrastructure investment; Alberta's health care system; and, engagement with Asia, which focuses on joint work in the areas of trade and investment agreements, foreign direct investment, and trade promotion. Bilateral meetings were held with other provinces to focus on actions to address the challenges facing Alberta in achieving market access and emphasized the importance of collaboration to ensure long-term economic growth for all Canadians.

Barriers to Trade, Labour Mobility and Investment

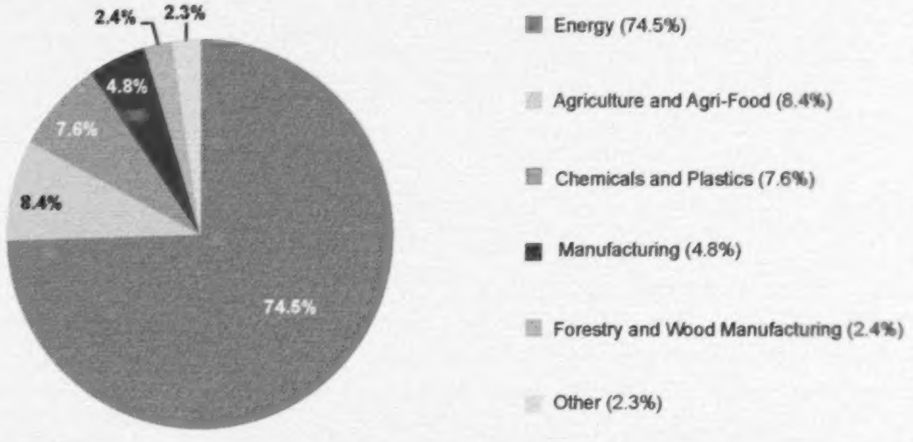
Alberta worked closely with the federal government to ensure Alberta's interests were represented in on-going international trade negotiations, including: the Canada-EU Comprehensive Economic and Trade Agreement; Canada-South Korea Free Trade Agreement; and, Trans-Pacific Partnership. On March 11, 2014, negotiations on the Canada-South Korea free trade agreement concluded. This free trade agreement enhances market access for Alberta's export sectors including: agricultural and agri-food products; forestry and value-added wood products; and, industrial goods. Alberta exported $616 million in goods to South Korea in 2012.

Alberta passed legislation to support the implementation of the Convention on the Settlement of Investment Disputes between States and Nationals of other States – commonly known as the ICSID Convention. The ICSID Convention, ratified by 150 countries to date, including Canada, establishes a procedural framework for the resolution of disputes between foreign investors and their host states. Ratification of the Convention will create certainty for investors both within Alberta and abroad, promote economic growth, and sustain success and prosperity for all Albertans. Alberta also continued to negotiate improvements to the dispute resolution and labour mobility provisions with its partners in the New West Partnership Trade Agreement.

Alberta continued to work actively with other provinces, the territories and the federal government to achieve progress on modernizing the Agreement on Internal Trade. Alberta actively supported efforts to develop an ambitious agenda for such improvements, relying on its experience with the New West Partnership Trade Agreement to inform its strategy.

The Council of State Governments National Conference in Kansas City, Missouri provided opportunities to continue advocating for changes to Mandatory Country of Origin Labeling (mCOOL) requirements in the U.S. Additionally, the conference served as a venue to encourage greater economic cooperation and trade opportunities in agriculture. Trade advocacy efforts have linked Alberta's agri-food suppliers with international buyers and supported the opening and expansion of international markets.

Alberta's Exports by Industry 2013



Source: Statistics Canada via World Trade Atlas

Indicator Analysis: The largest growth in exports over the past year was in the chemicals and plastics industry which grew by 14.6 per cent, followed by energy exports which increased by 10.9 per cent and forestry and wood manufacturing which grew by 8.4 per cent. Government supports businesses by identifying and providing market information and intelligence; introducing them to international key contacts and business networks and providing in-market support such as establishing an Alberta presence at key sector trade shows that include and feature Alberta companies and industry partners.

THEME 1 INVESTING IN FAMILIES AND COMMUNITIES

As indicated in Figure 1 on page 82 there are seven results-based budgeting lines of business that align with the Investing in Families and Communities theme:

- Municipalities and Regional Planning
- Recreation and Culture
- Protecting Albertans
- Support to Albertans in Need
- Early Childhood Development
- Health
- Wellness

Alberta's Social Policy Framework identifies four key goals for social policy and community in the province: reduce inequality; protect vulnerable people; enable collaboration and partnerships; and create a person-centred system of high quality services. Safety, inclusion, health, education, training, recreation, and cultural opportunities are also identified as the most important outcomes for Alberta families and communities. From building new roads and establishing new health facilities, to protecting vulnerable Albertans and ensuring Alberta's children have the necessary supports they need to reach their full potential, the government continued to invest in families and communities in 2013-14.

MUNICIPALITIES AND REGIONAL PLANNING

The outcomes for the programs and services under the Municipalities and Regional Planning line of business are focused on ensuring that legislation and regulations enable local and regional decisions that address community needs; that homes and buildings are built to provincial codes and standards and that Albertans have safe physical environments within which to live, work and play.

2013–14 Key Accomplishments

Alberta Flood Recovery

The June 2013 floods that struck Southern Alberta and the Regional Municipality of Wood Buffalo were the largest and most expensive natural disasters in provincial history. These floods were unprecedented in magnitude and government drew on its resources in a significant way to provide the necessary support for local flood recovery efforts.

The extraordinary flooding and subsequent damage experienced in Southern Alberta fully engaged the resources of the Alberta Emergency Management Agency as they responded to this natural disaster with the largest disaster recovery program in Canadian history.

The government has assisted Albertans with community stabilization in a number of ways:

- **Immediate Relief Funding (pre-loaded debit cards and cheques).** Emergency funds were provided to help more than 56,000 Albertans evacuated from their homes for seven days or longer to cover immediate housing needs and day-to-day purchases.
- **Small Business Rebuilding Program.** Assists businesses with 21 to 50 full-time employees to rebuild.
  - **Hand-up Plan.** Immediate financial assistance for more than 1,500 businesses and nearly 400 not-for-profits that are helping communities recover from the floods.
  - **Alberta Flood Recovery Loan Guarantee Program.** Low-interest loans up to $1 million through participating financial institutions and the Agricultural Financial Services Corporation.
  - **Alberta Flood Recovery Interest Rebate Program.** Rebates of four per cent interest to those participating in the Alberta Flood Recovery Loan Guarantee Program.
- **Temporary schools.** Modular classrooms and a temporary gym to accommodate students in High River and Calgary displaced from the three schools most significantly impacted by the flood.
- **First Nations housing.** Support to rebuild and repair First Nation homes damaged by the June flood. Most of these costs will be reimbursed by the federal government.
- **Repair to water infrastructure.** Funds to repair and enhancements to water management, water treatment and wastewater facilities.
- **Support for post-secondary institutions.** Stabilization funding to support post-secondary institutions impacted by the flooding.
- **Support for cultural and non-profit organizations.** Funds to assist arts, non-profit and voluntary organizations rebuild and meet additional needs in their communities.

Because of the scope of the disaster, the government established the Flood Recovery Task Force (FRTF) to address the needs of flood impacted Albertans and take the lead on recovery. The FRTF brought together public servants from across government, helped facilitate strategic inter-ministry cooperation and was able to make important decisions relating to flood recovery quickly and effectively.

The *Flood Recovery and Reconstruction Act* was passed to support better management of flood-way development, and flood mitigation programs were created to help impacted residents repair their homes and businesses as well as protect them from future floods. In addition, municipalities were offered financial assistance through a program to address the impact on a diminished tax-base as they forgave taxes on destroyed properties.

In the aftermath of the widespread destruction of the 2013 flooding, many municipalities had a critical need for additional staff to help them move forward with recovery efforts, while continuing to provide core, day-to-day, municipal services. The Government of Alberta demonstrated its commitment in enabling quick responsive actions in support of recovery, while continuing to support ongoing municipal operations.

First Nations Flood Recovery

Government committed that First Nations receive the same support and services as other Albertans affected by the flooding.

The Ministry of Aboriginal Relations, as part of the provincial government's coordinated flood response, worked with Siksika and Stoney Nakoda Nations to provide immediate emergency response and long-term recovery efforts.

On November 16, 2013, the Government of Alberta and the Siksika Nation signed the *2013 Flood Recovery Housing Memorandum of Understanding (MOU).* The MOU formally commits both parties to working together to re-build and repair homes damaged by the flood. On December 18, 2013, the Government of Alberta and the Stoney Nakoda Nation signed a similar agreement.

The MOUs go beyond repairing and rebuilding homes and include provisions for skills training programs and facilitation of business and procurement opportunities to give Nation members and businesses the opportunity to benefit economically from the housing program.

Municipal Sustainability Initiative

Investments in community infrastructure and services are essential to allowing Albertans to live in strong, safe and viable communities. The province continued the administration of the Municipal Sustainability Initiative (MSI). Through the MSI municipalities received $8[illegible] million in provincial funding in 2013-14 to support infrastructure and services such as roads, public transit, water systems, regional projects, and recreation.

Support to the Safety Codes Council

A $1 million grant was provided to the Safety Codes Council to develop the Alberta Safety Codes Authority, a new body that will deal with permitting and inspection activities in municipalities that are not accredited.

Protecting New Home Owners

On February 1, 2014, the *New Home Buyer Protection Act* and supporting regulations that require builders to provide mandatory home warranty coverage for new homes built in the province, came into force. The Act represents strongest consumer protection in Canada for new home buyers and helps protect the single largest purchase that most people will make.

The legislation applies to newly constructed homes, including single family homes, multi-family homes, duplexes, condominiums, manufactured homes and recreational properties. At minimum, all new homes will have the following warranty protection:

- one year labour and materials – this covers the way the home was built or the materials it was built with, such as flooring and trim;
- two years distribution systems – this covers the labour and materials related to heating, plumbing and electrical systems;
- five years building envelope protection – this covers the exterior shell of the home, including the roof and walls, and includes a requirement for the warranty provider to offer the consumer the option to purchase two additional years of building envelope coverage; and,
- 10 years coverage for key structural components, including its frame and foundation.

RECREATION AND CULTURE

The outcomes for the programs and services under the Recreation and Culture line of business include vibrant and inclusive Alberta communities and engaged citizens, a culture that honours Alberta's diverse natural and cultural heritage now and in the future, and an enhanced quality of life for Albertans through recreational and cultural activities.

2013–14 Key Accomplishments

After-school Recreation Strategy for Alberta's School Children

Children that have access to recreation opportunities in the after-school time period tend to be less likely to get involved in negative behaviours, have higher self-esteem, are more active and healthy, and generally have more positive academic outcomes. Recognizing that managing the after-school time period is a complex issue that cannot be solved by individual programs or investments, the government is examining how targeted resources and community partnerships can be leveraged to enhance after-school recreation opportunities for all Alberta children and develop a provincial after-school recreation strategy. As a next step, a stakeholder advisory committee will work with recreation partners to explore best practices from existing after-school programs and services and identify gaps in service delivery.

In January 2014, the government supported the Ever-Active Schools Pre-Conference, bringing practitioners from health, education and recreation together to share their challenges and successes around the after-school time period. A total of 78 people from 51 organizations participated in the event, sharing information that will be used to advance the after-school recreation strategy.

The government is working closely with partners across Canada by leveraging national resources and developing an Alberta After-School portal on the Canadian Active After-School Partnership website to act as a catalyst for collective activities.

Alberta as a Tourism Destination

To focus the province's diverse tourism industry and develop a long-term plan to grow tourism expenditures to $10.3 billion by 2020, Pathway to Growth – Alberta's Tourism Framework was released in October 2013. Through coordinated leadership around five strategic framework priorities, the government, including Travel Alberta, the Alberta Strategic Tourism Council, and industry will grow Alberta's tourism industry by developing and marketing compelling, authentic tourism experiences that focus on the needs of travellers.

To further leverage international tourism opportunities from the 2012 mission to the London Olympics, Alberta hosted the DERTOUR academy in December 2013, a prestigious destination promotion event for more than 600 top travel agents, key tourism partners and journalists from Germany, Austria and neighboring countries. The event provided advanced training in selling Alberta vacations and has the potential to significantly increase the 74,000 overnight person visits and $76 million in expenditures by German visitors to Alberta in 2011. In March 2014, the government attended ITB Berlin, the world's largest travel industry event attracting international tour operators, travel trade media and key decision makers in the hotel and airline industry. The 2014 ITB Berlin attracted 174,000 visitors and 10,147 exhibitors. Approximately 5,700 accredited journalists, 300 bloggers and 125 foreign delegations attended. The Minister of Tourism, Parks and Recreation gave interviews with German travel trade media and met with leading tour operators and representatives from the hotel industry, sharing insight on Alberta's performance relative to other destinations.

Within the province, the government attracted further international attention to sports tourism by supporting the Tour of Alberta, the first professional cycling race of its kind in Canada. In September 2013, 15 top professional teams from around the world (including five Tour de France teams) competed in the inaugural event with a six-stage route of more than 800 kilometres through 22 Alberta communities. Through the Ministries of Tourism, Parks and Recreation and Culture, the government invested $500,000 supporting festival experiences along the route that were enjoyed by more than 136,000 spectators. The event generated a total net economic impact of nearly $11 million in Alberta, creating the equivalent of 172 person-years of employment. The event attracted more than one million views from around the world showcasing Alberta's landscapes.

In April 2013, the study Potential Demand for Rural Vacation Experiences in Alberta by Residents of Alberta was released, exploring the potential for leisure trips and vacations from urban residents to rural Alberta. Tourism in Alberta's rural communities contributes to the economy and the report will inform marketing and product development opportunities. As an example, in August 2013, the inaugural Alberta Open Farm Days saw over 3,000 person visits, 41 participating farms and 13 culinary events across Alberta. The festivities increased market-ready ag-tourism and consumer awareness of ag-tourism products as well as industry awareness of business opportunities.

A Culture Plan to Promote Sustainability and Long-term Growth of the Culture Sector

The renewed Premier's Council on Culture was appointed in July 2013 with a mandate to: champion *The Spirit of Alberta* (Alberta's cultural policy in the community) assist in the development and implementation of the Culture Plan; promote an understanding among Albertans of the benefits of participating in and supporting cultural activities; and identify innovative approaches, partnerships and funding models for the promotion and support of culture in Alberta.

Members of the council come from diverse backgrounds and sectors including the arts, post-secondary, business, heritage, and the nonprofit/volunteer sector. The council advises the government on innovative approaches and partnerships to strengthen the sustainability of the culture sector in Alberta. A major focus of their work since their first meeting in September 2013 has been the development of a Culture Plan.

Alberta Culture Days

Alberta Culture Days is an annual, three-day celebration of heritage, cultural diversity and provincial pride. From September 27–29, 2013, thousands of Albertans participated in 1,455 events in 94 communities. To generate awareness and understanding of the value of culture to Albertans, most provincial museums and heritage sites offered free admission as part of the celebration. The ministry held a social media contest inviting Albertans to create videos sharing their experiences. Kickoff celebrations held in Edmonton and Calgary marked the start of Culture Days 2013 and encouraged Albertans to participate in the event.

To further promote the value of Alberta's culture, 66 community organizations across the province received $375,000 in financial support from the ministry to host Alberta Culture Days events. Five feature celebration and 61 host celebration sites built community partnerships and increased access to cultural experiences in communities for Alberta families by offering free, family-friendly activities from festivals and art shows to backstage tours and culinary samplings.

PROTECTING ALBERTANS

The outcomes of the programs and services under the the Protecting Albertans line of business are focused on ensuring that Albertans are safe, secure, protected and healthy; communities are engaged in ensuring safety; Albertans have confidence in justice, safety and response services; and transportation networks support Alberta's economy.

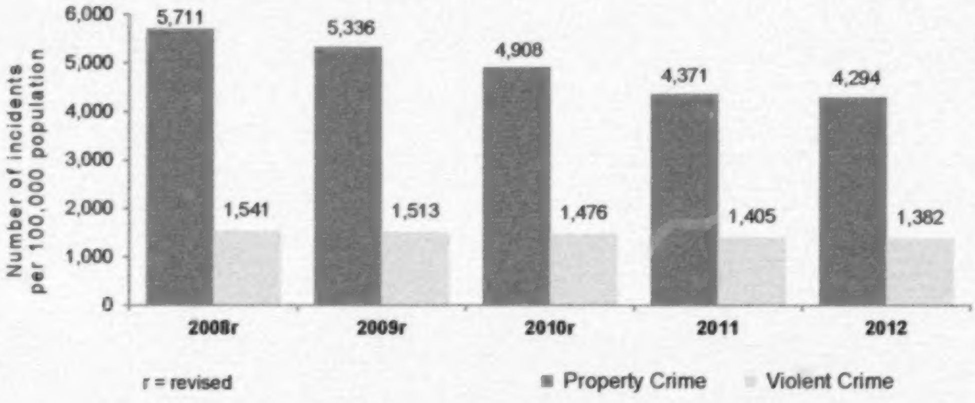
2013–14 Key Accomplishments

Safe Communities

Government continues its commitment to providing Albertans with safe and secure communities in which to live, work and raise their families. Setting strategic policy direction; aligning enforcement services; supporting victims of crime and the organizations that support victims of crime; and developing strong structures and accountability mechanisms for Alberta's law enforcement and oversight system are just a few of the activities government has undertaken. The government provides direction to Alberta Health Services for specialized programs that operate within correctional services for targeted populations suffering from mental illness and addictions.

Crime Rates

Rate of property and violent crime per 100,000 population



Source: Canadian Crime Statistics, Canadian Centre for Justice Statistics

Indicator Analysis: The aging population and relatively high employment and education rates are factors in the declining crime rate. In addition, successful public education and information programs, policing, crime prevention, and correctional services are a positive influence.

Fair and Accessible Justice System

A fair, accessible and innovative justice system is important to Albertans. It is achieved through strategic improvements to frontline justice services, the integration of court-annexed programs and services, the development of leading practices on access to justice, working on options for dispute resolution, and exploring alternative processes for fine payments and traffic court. A number of initiatives were also undertaken to improve the efficiency and responsiveness of the criminal justice system, including implementing the recommendations of the *Injecting a Sense of Urgency* report.

Effective Custody and Offender Supervision

The new Edmonton Remand Centre opened in the north end of Edmonton during the spring of 2013 and is the largest, most technologically advanced correctional facility of its kind in Canada. The government is committed to implementing recidivism reduction strategies for individuals within the criminal justice system including: programs and supports for individuals suspected to have, or have been diagnosed with, Fetal Alcohol Spectrum Disorder; the continued operation of the Integrated Justice Services Project and the Strategic Training Initiative in Community Supervision pilot program.

Consumer Protection

In 2013-14, government improved the *Condominium Property Act,* assisted Albertans affected by the flood in Southern Alberta and increased the financial penalties for those who break the law. More than 3,800 Albertans provided input on amendments to the *Condominium Property Act* that would improve protection for people who purchase or live in an existing condominium. During the rebuilding process for the 2013 floods, government assembled a special team of investigators who proactively went door to door in regions hit by the floods to provide information and tips on consumer rights during rebuilding and restoration. Under the *Fair Trading Act,* Service Alberta implemented strong new monetary penalties of up to $100,000 and increased fines from $100,000 to $300,000 to help protect consumers from unscrupulous business practices.

SUPPORT TO ALBERTANS IN NEED

The outcomes for programs and services under the Support to Albertans in Need line of business are focused on ensuring that supports for disabilities, individual capacity to act and income and housing programs are transparent, responsive, fair and accessible thereby allowing Albertans to reach their full potential and to maximize their well-being through working, learning and making healthy choices.

2013–14 Key Accomplishments

Family Violence Prevention

Family Violence Hurts Everyone, a Framework to End Family Violence, was released in November 2013. The framework emphasizes the importance of public awareness and early intervention in ending violence in the next generation. The framework is built on a strong foundation of protection and intervention services and was developed based on the latest research and best practices. The framework enhances the current response and services to provide better supports to individuals and families at risk and to prevent the recurrence of violence framework; exploring the potential of peer support networks and models; engaging men and boys; and supporting training for those who provide support to victims of family violence and families and children exposed to family violence.

Homelessness

Since 2009, nearly 9,500 Albertans have been provided housing and supports under A Plan for Alberta: Ending Homelessness in 10 Years. Over 3,000 people have graduated from Housing First Programing, and achieved housing stability, and 74 per cent of those graduates remained housed for at least 12 months. The Interagency Council on Homelessness (IAC), a government-community partnership created in 2013, advises government on the systemic and transformative changes to ensure the success of the province's 10-year plan to end homelessness. The Council's five key priorities are: the provision of specialized housing and supports for vulnerable populations, including Aboriginal people, youth, seniors, women and families fleeing violence, immigrant, in-migrant and refugee newcomers, seniors, and people with disabilities, tailored to their unique needs and circumstances; the integration of housing and supports within homeless-serving systems; sustainable investment strategies are in place to achieve the successful implementation of the 10-year plan; the prevention of homelessness is adequately resourced and successful; and root causes of homelessness are addressed through integrated service delivery and public policy.

Information Sharing Strategy That Allows Front-line Support Staff to Share Information to Support the Best Service Possible for Albertans

The implementation of Alberta's Information Sharing Strategy (ISS or the strategy), began in July 2013. The strategy was developed to ensure information sharing practices within government and with social-based service providers support the best possible outcomes for the health, education and safety of children and families. In addition, the strategy informed the subsequent development of information sharing provisions as they became law within the *Children First Act*.

The strategy is leveraging and supporting a number of government initiatives that are dependent on the need to collaborate, and therefore need to share information. Examples of the initiatives that are supported with ISS as an operational enabler include:

- Common Service Access;
- 10-year Plan to End Homelessness;
- Regional Collaborative Service Delivery (RCSD); and
- Early Childhood Development (ECD), among others.

Government is facilitating the enhancement of the information sharing environment both within government, as well as with external delivery partners through promoting collaboration and integration of services and a variety of tools including guides and tip sheets.

In addition, the development of e-learning courses, complete with various scenarios, are under development, and will be made available by government both internally and externally during the fall of 2014.

Addressing Elder Abuse in Alberta

Government continues to collaborate with the Alberta Elder Abuse Awareness Network to develop awareness-raising videos which are disseminated to community stakeholders and the public. The videos were also aired on Health Unlimited Television, which plays in a variety of medical offices throughout Alberta.

Additionally, training to front-line staff throughout Alberta was provided to increase their knowledge about elder abuse and how to respond to its various forms. As a result of these activities, there are now more than 500 trained service providers in Alberta.

Government also worked with communities throughout Alberta to enhance their capacity to work collaboratively with various sectors and partners to effectively support victims of elder abuse.

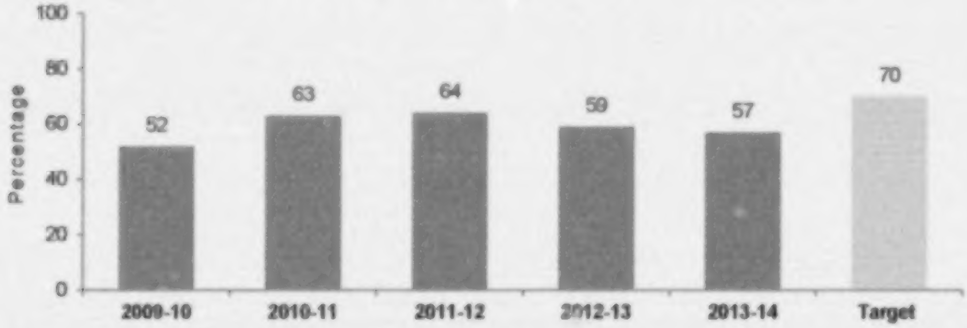
Elimination of Child Poverty and Reduction of Overall Poverty in 10 Years

Living in poverty for long periods of time affects well-being, can lead to long-term health problems, and can hold people back from taking advantage of educational and recreational opportunities. Poverty reduction is about improving the well-being and quality of life of people living in poverty and ensuring a strong and prosperous future for Alberta.

The Government of Alberta developed a Poverty Reduction Strategy to eliminate child poverty in five years and reduce overall poverty in 10 years through a community-driven approach.

Support for Albertans with Low Income who need Temporary Help

Percentage of participants employed after leaving Income Support



Source: Working Outcomes Reporting Project (WORP) Survey, Ministry of Human Services

Results Analysis: While the overall job market was strong in 2013-14, there continued to be some relative instability. The overall unemployment rate, for example, climbed slightly within this period and the cycles of seasonal employment affects the number of Income Support participants.

An important step in creating the strategy was speaking with Albertans – individuals, families, community groups, businesses, service delivery agencies, and governments to identify what poverty looks like in each community, to hear ideas about how to reduce poverty in our province and to understand poverty's impact on the whole community and why it benefits the whole community to deal with it.

To do this, government, under the banner of Together We Raise Tomorrow, supported community engagement activities around the province between June and October 2013. Various methods of community engagement were used including community conversations, on-line discussions, blog posts, social media, wiki pages and community grants. Input from these consultations has been compiled and is being analyzed. A summary document will be prepared in the near future and posted on the Poverty Reduction Strategy website: http://povertyreduction.alberta.ca.

When it is completed, Alberta's poverty reduction strategy will present:

- a comprehensive strategy to eliminate child poverty in five years;
- a 10-year plan to reduce overall poverty;
- an implementation plan that outlines immediate, mid-term and long-term actions; and
- a comprehensive community-based evaluation and monitoring strategy.

A Poverty Matrix was also developed to understand the indicators and incidence of poverty. The tool is not intended to be an official count of the number of individuals in poverty in Alberta, but rather a tool to generate discussion and support the goals of the poverty reduction strategy. The Matrix along with other support tools are available here: http://povertyreduction.alberta.ca/Tool_Kits.

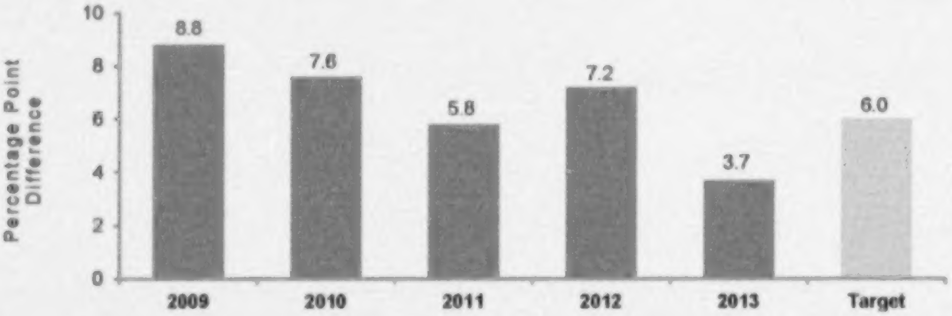
Opportunities and Supports for Aboriginal Albertans Transitioning From Rural to Urban Centres

Government continued working with urban Aboriginal communities and federal, municipal, and Aboriginal governments to improve socio-economic outcomes of Aboriginal people living in Alberta's urban centres. Over $750,000 was provided to the Alberta Native Friendship Centres Association and the 20 Alberta Friendship Centres. This funding supports Friendship Centre operations and local community programming.

On May 23, 2013 the Memorandum of Coordination and Collaboration was signed by the Government of Alberta and the City of Edmonton. The formal agreement identifies areas of priority such as youth leadership and development, economic development, transitions, supporting opportunities for Aboriginal women, and safe and secure communities.

Aboriginal Employment (Off-Reserve)

Percentage point difference between the unemployment rate of Aboriginal Albertans living off-reserve and other Albertans



Source: Statistics Canada Labour Force Survey, Jobs, Skills, Training and Labour, and Aboriginal Relations

Results Analysis: The result is a potential reflection of government efforts to align marketable skills training with job opportunities, as well as Alberta's strong economy in 2013, which has a greater impact on lowering the unemployment rate of the off-reserve Aboriginal population than on lowering that of the non-Aboriginal population.

Government is facilitating the implementation of a coordinated approach to urban Aboriginal issues through the Urban Aboriginal Integrated Service Delivery Approach. The goal of the approach is to increase opportunities for urban Aboriginal people to access government programs and services which improve their social and economic well-being, health, and prosperity.

Fetal Alcohol Spectrum Disorder

Reducing the incidence of Fetal Alcohol Spectrum Disorder (FASD) in Alberta is a priority for government. More than 36,000 Albertans are affected by FASD, a lifelong disability resulting from prenatal exposure to alcohol. Individuals affected by FASD may experience a complex range of brain injuries and developmental, physical, learning and behavioural conditions. Government continues to increase awareness of FASD and access to related supports and services.

In 2013-14, the province made significant progress in education and treatment initiatives including:

- four pilot sites delivered training to their staff on addictions and mental health, which will increase professional skill and expertise with respect to FASD. This Treatment Improvement Protocol training is designed to increase effectiveness of programming to prevent FASD, and enhance the delivery of supports for those with FASD;

- 10 FASD Learning Sessions were delivered in 2013-14 and FASD Learning Series videos continue to be added to the FASD website each month to support access and continuous learning;
- over 600 members of the public attended the November 2013 FASD Provincial Conference, including service providers, and individuals and families affected by FASD;
- the FASD website (fasd.alberta.ca) was revamped with a discussion forum to encourage conversation between government and stakeholders; and
- an education and training manual was also created, based on findings from the FASD Five Year Evaluation.

The first International Conference on Prevention of FASD was held in September 2013. Over 700 registrants attended from 34 countries, representing five continents around the globe.

EARLY CHILDHOOD DEVELOPMENT

The outcomes of the programs and services under the Early Childhood Development line of business are that children reach emotional, social, intellectual and physical development milestones and are ready for school; parents know how their children develop and feel confident in using positive parenting practises; children are born healthy and able to thrive; and children and families in need have access to programs and services.

2013-14 Key Accomplishments

As indicated under the Early Childhood Development focused agenda item, the Government of Alberta made the strategic decision to focus special attention and effort on early childhood development to help Alberta's children realize their full potential. Part of this focus is aimed at enhancing Early Childhood Initiatives. For example, in 2013-14, government invested $3.5 million for enhancements to Early Childhood Initiatives across the province including:

- enhancing funding for existing Parent Link Centre outreach services and creating four new Parent Link Centres in Northeast Edmonton, Southwest Edmonton, North Calgary, and High Prairie; and
- training for Home Visitation practitioners to screen for family violence and to enhance home visitation practices through a parent coaching model.

Government also worked to increase developmental screening training capacity in early childhood settings. More than 120 individuals from across Alberta who work with children and families participated in five train-the-trainer sessions for the Ages and Stages Questionnaire (ASQ) and the ASQ Social-Emotional screening instruments. These individuals have since trained more than 190 individuals employed in early childhood settings on how to administer the questionnaire and screening instruments. The ASQ and ASQ Social-Emotional screening instruments facilitate regular developmental screening in the early years.

HEALTH

The outcomes for programs and services under the Health line of business are improved health and mental well-being of Albertans through the provision of primary care, health benefits, acute care, and continuing care programs and services.

2013–14 Key Accomplishments

Access to Pharmacists

A new four-year agreement was reached with Alberta's pharmacists that includes predictable funding for pharmacists, transparency of prescription pricing, changes to dispensing fees and an updated pharmacy services framework that compensates pharmacists for the increased primary health care services they provide to Albertans. As part of this agreement, the Compensation Plan for Pharmacy Services was updated to further improve Albertans' access to health professionals in the community for a number of services, including tobacco cessation counselling. Government also continues to enable pharmacists' participation in initiatives such as the influenza immunization program, which increases the access available to Albertans.

Access to Insulin Pumps

The Insulin Pump Therapy program was launched in June 2013 to provide funding for the cost of insulin pumps and basic diabetic supplies for Alberta residents with Type 1 Diabetes Mellitus who meet eligibility criteria. The program enables patient education and training supports for the safe and appropriate use of insulin pumps. Over 1,000 Albertans have benefited from the program since it was launched.

Electronic Health Records (EHR)

There are three different sources of electronic health record information in Alberta. The EHR, known as Alberta Netcare contains all the clinical reports for an Albertan and is available to clinicians providing care throughout the province. The Electronic Medical Record (EMR) represents the electronic health record stored with the doctor's office or clinic. This information is only available to the local doctor and other clinic staff. The Personal Health Record (PHR) which is created and owned by individual Albertans, contains health information they enter as well as information from Netcare and eventually their doctor's EMR. In 2012-13, the Personal Health Portal began a pilot consisting of cardiac patients, which provided them with a PHR where they entered information, and a read-only copy of their Pharmaceutical Information Network (PIN) medication information. The pilot was a success and work continues leading up to public availability of the PHR in 2014-15.

Access to the provincial electronic health record is regulated by the *Health Information Act* and its regulations which outline the criteria for custodianship and access. Each health care provider who applies for access and meets the criteria is granted a unique ID which they use to sign onto Alberta Netcare. Currently, there are about 34,000 IDs assigned to health care providers including 28,000 of the approximate 52,000 practicing physicians, pharmacists and nurses. Health care providers who have not done so already are able to request access according to the requirements specified in the *Health Information Act*.

There are currently 3,449 physicians using EMRs in Alberta, approximately 75 per cent of which are general practitioners and 25.6 per cent are specialists. The total number of eligible community physicians in the province is about 4,400 based on the census just conducted. Based on these totals, Alberta's EMR adoption rate is approximately 78 per cent.

The PHR was successfully launched to a limited cohort of both public and government users in February 2013. Feedback from the limited cohort and usability testing has contributed to the improvements being developed for general public release in the fall of 2014.

Continuing Care Opportunities

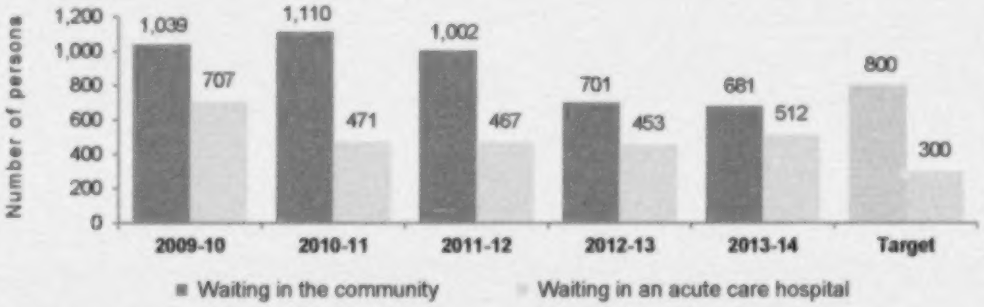
Government will continue to invest in expanding and enhancing home and community care to help Albertans get back home quickly after being in the hospital. This may prevent them, where appropriate, from having to return to the hospital after they have been discharged and to assist seniors to stay at home or in their community as long as possible. In addition, strong investments are being made for continuing care spaces for seniors and people with disabilities who are no longer able to stay at home. An on-line tool to provide Albertans with key information on continuing care facilities in Alberta is targeted for completion by March 31, 2015.

Since 2010, as part of a strategy to increase access and care choices for seniors, government has worked with Alberta Health Services to open over 3,000 new continuing care spaces. The flooding last summer in Southern Alberta caused the closure of some continuing care facilities, and delays in several capital projects have resulted in the number of net new beds to fall below the target pace of 1,000 new spaces during 2013-14; however, there are projects currently under development that will increase the number of new continuing care spaces.

To improve access to continuing care services, over $74 million in Affordable Supportive Living Initiative grant funding was approved to develop approximately 982 new affordable supportive living

Continuing Care

Number of persons waiting in the community for continuing care or waiting in an acute care hospital for continuing care



Source: Stratahealth Pathways (Calgary and Edmonton Zones), Meditech (North, Central and South Zones), Alberta Health Services

Results Analysis: Government and Alberta Health Services will add continuing care beds with the expected benefit to Albertans that fewer people will wait in the community for continuing care. These performance measures are used to monitor and report on progress toward reducing the number of those waiting for publicly funded continuing care living options.

The number of persons waiting in an acute care hospital bed for continuing care at the end of 2013-14 was 512. This number has increased by 13 per cent from the previous year. Alberta Health Services has attributed the increase to fewer net numbers of continuing care spaces being added in this fiscal year. The number of net new spaces in 2013-14 totalled 335, while the previous fiscal year had 887 net new spaces. The flooding in Southern Alberta in 2013 reduced the number of new net spaces, and some existing capacity was lost.

The number of persons waiting in the community for continuing care at the end of 2013-14 was 681. This number has decreased by three per cent from the previous fiscal year, and continues to surpass yearly target values. Alberta Health Services indicates that in Q3 and Q4 of 2012-13, Edmonton and Calgary Zones changed the internal waitlist process to match the provincial process. This has resulted in a drop in waitlist numbers first experienced in the 2012-13 result. With no new clients being added to wait for their first facility of choice, the community waitlist figure is now a true representation of those who are urgently waiting in the community and ready to take the first available bed.

spaces in seven communities identified by Alberta Health Services as having the greatest need. As well, additional home and community care services were provided to more than 5,400 clients through the Home Care Initiatives Grant.

Government participated in the planning of two Covenant Health demonstration continuing care centre projects that opened in early 2014. These projects will continue to serve residents as their needs change and help couples stay together.

Work has begun on developing an updated continuing care strategy for the province. Drawing from the initial stages of the results-based budgeting process and expertise from industry leaders in continuing care, issues facing the sector in the short-term were discussed as well as identifying the vision and principles to guide the system forward.

Health Infrastructure

Six major health projects were completed in 2013-14 including: Central Alberta Cancer Centre, Strathcona Community Hospital, Alberta Children's Hospital – Neonatal Intensive Care Unit, Bow Island Health Centre, University of Alberta Hospital – Endoscopy Suite Expansion, and the Alberta Hospital Food Services.

WELLNESS

The outcomes for programs and services under the Wellness line of business are focused on creating communities that support health and wellness, enhancing Albertans' quality of life; preventing disease and injury; and prolonging life expectancy.

2013–14 Key Accomplishments

Wellness and Prevention

Alberta's Strategic Approach to Wellness, a guiding policy document, was approved by government and released on October 2, 2013. This policy framework provides a high-level and compelling vision for wellness in the province, a health determinants approach, community and citizen engagement, and strong public policy.

The International Wellness Symposium was held from October 1–2, 2013 and a special pre-symposium summit on workplace wellness held on September 30. The event inspired wellness champions to embrace Alberta's Strategic Approach to Wellness, provided networking opportunities and helped participants share best practices and innovative research. The symposium was attended by 382 delegates from 175 diverse organizations.

A provincial Sexual Transmitted Infections (STI) prevention campaign targeting Albertans 16–29 years of age was implemented in the fall of 2013. This eight-week campaign consisted of:

- TV advertisements, video boards and posters in bars and lounges, on-line and cinema ads and outreach activities to bars (Edmonton and Calgary) promoting the campaign;
- a comprehensive website created to help inform young Albertans about STI risk factors, clinical services and healthy sexual behaviour. Results included approximately 24,000 unique visitors to the website within a three month period; 6,000 personal interactions through outreach activities to bars; and, over 5,000 posters distributed across the province by community-based organizations and health professionals; and

- the Healthy School Planner Foundational Module from the Joint Consortium for School Health was used by 29 schools and an additional 325 school communities across Alberta to assess their progress towards implementing a comprehensive school health approach. Evaluation of the High School Wellness projects also included a social network analysis of staff in seven schools to determine teacher efficacy, innovative practices, and collaborative networks.

Funding for Community Wellness

The Alberta Healthy School Community Wellness Fund has funded 239 projects to date, which included 53 school jurisdictions to support the advancement of comprehensive school health across the province. Data from reporting projects indicate positive improvements are being made in the areas of healthy eating, physical activity, healthy relationships and positive school environments, including positive mental health. In 2012, 13.8 per cent of children were overweight, compared to the provincial average of 18.3 per cent, in participating schools.

Healthy U Initiative

As part of the Healthy U initiative, the 5&1 Experiment campaign was launched in May 2013 for children 6–12 years and their parents. The 5&1 Experiment offers creative ways to try for at least five servings of veggies/fruits and one hour of physical activity daily. Additonally:

- 42 fun experiments were created that can be accessed from www.healthyalberta.com, a free mobile app for iOS and android users, and a 10 experiment sampler kit;
- launch week featured high-energy school rallies for more than 2,000 students on-line, radio and exterior transit advertising helped create awareness of the 5&1 Experiment among parents;
- the Healthy U Crews' grassroots engagement from May – August reached 38 urban and rural communities and over 129,000 Albertans through 183 visits to major events, grocery stores and recreation centres;
- over 200,000 printed resources and experiment kits aimed at supporting Albertans in healthy eating and active living were distributed; and
- final evaluation of the three-year initiative is wrapping up.

Communities Choosewell Initiative

Alberta's Communities Choosewell (CC) initiative had 180 communities that participated in becoming healthier communities. Community leaders involved with the CC initiative report that the program adds value in their efforts to encourage healthy eating and active lifestyles, with 96.9 per cent of community leaders indicating that the program has positively influenced their thinking and local activities.

Addiction and Mental Health Services

On June 28, 2013, a Chief Addiction and Mental Health Officer was appointed in Alberta to address the immediate needs of flood-impacted Albertans and to coordinate addiction and mental health services into the future. Services supporting long-term social and emotional recovery for flood impacted Albertans as well as promoting resiliency is provided for the general population, particularly in the event of future disasters. Since the flood, over 122,000 mental health resources to flood-impacted Albertans have been provided. A series of training and education opportunities are available to both clinicians and the general population such as: grief and loss sessions; disaster recovery sessions to support parents in helping children cope with flood after-effects; and flood recovery course webpages entitled Healthy Minds, Healthy Children.

Improvements to addiction and mental health services are continuing as outlined in Creating Connections: Alberta's Addiction and Mental Health Strategy. Year two priorities focus on improving access to child and youth addiction and mental health information and supports, as well as increasing services available to children and youth.

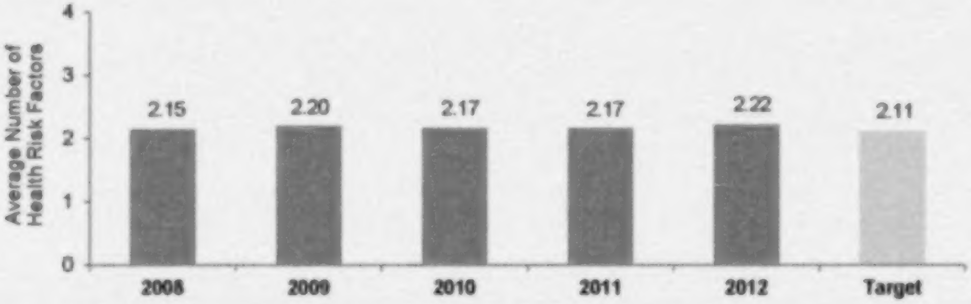
To better protect Albertans from the harms of tobacco, tobacco-like products and second-hand smoke, the *Tobacco Reduction (Flavoured Tobacco Products) Amendment Act*, 2012, prevents the sale of flavoured tobacco products and the *Tobacco Reduction Amendment Act*, 2013, which received Royal Assent in December 2013, makes it illegal to smoke in vehicles where minors are present and will ban the use of tobacco-like products (such as those used in water pipes) in public places. These pieces of legislation will help prevent and reduce tobacco use among underage youth and to limit children's exposure to second-hand smoke. Mental Health First Aid training was also provided to foster parents, contracted service providers, government staff and Delegated First Nations Agency staff in 2013-14. The training included information on recognizing mental health problems, providing initial support and guiding individuals to seek appropriate professional help. A Children's Mental Health Learning Series was also developed and delivered to increase knowledge and awareness amongst government staff, foster parents and caregivers about mental health issues.

UWALK

UWALK, launched in September 2013, encourages Albertans, community groups and worksites to be more physically active through walking. UWALK's website (www.uwalk.ca) has individual and group challenges, with more than 2,400 Albertans currently registered. UWALK supports Primary Care Networks Prescription through its website that will allow participants to self-monitor their physical activity goals.

Healthy Alberta Risk Trend Index (HARTi)*

Average number of health risk factors per person aged 20–64 years



Source: Statistics Canada, Canadian Community Health Survey (CCHS) Alberta Share File (file not publicly issued)

* HARTi is calculated using six self-reported indicators of health behaviours known to be risk factors for health, including life stress, body mass index, fruit and vegetable consumption, physical activity, smoking status, and frequency of binge drinking.

Results Analysis: Trends of the six indicators that comprise the HARTi, have all been mostly stable from 2003–2012 with the exception of daily smoking among women which has been decreasing and fruit and vegetable consumption which has been improving but more recently has seen a decrease. Therefore the declines seen earlier in the HARTi have been driven mostly by the declines in the number of female daily smokers and are now being offset by a decrease in the consumption of fruit and vegetables.

The 2013-14 target was set as a trend-based or directional target that commits to steady improvement over time. As an index, changes over time will be incremental due to measuring six indicators of individual behaviour change. With any of these complex health risk behaviours, shifts in the trends are driven by a range of factors including to a large extent, other social and economic conditions as well as by targeted policy and program initiatives that are of sufficient reach, scope and dose to have an effective impact on whole populations.

Maternal and Infant Health

Development of the Maternal-Infant Health Plan includes reducing the rate of low birth weight infants as one of its three priorities, the other two being improved maternal mental health and improved breastfeeding rates. Through implementation of the plan, the approach to maternal, infant and child health programs and services will change to increase focus on prevention and early intervention from preconception through the first year of life. Presently, most services are provided in late pregnancy, during and shortly after birth.

Building Communities that Create Health

The aim of the Building Communities that Create Health project is to increase awareness among relevant stakeholders about the impact the built environment has on the health of Albertans, as well as to gauge interest and promote momentum for action on creating healthier built environments within Alberta communities. In February 2014, regional sessions were held in Calgary and Edmonton, bringing together municipal and provincial government staff, architects, planners, transportation engineers, developers, real estate professionals, researchers, health professionals, and community organization representatives to explore ways that communities and buildings can be designed to promote better health here in Alberta.

Injury Prevention

The injury prevention campaign was launched in September 2013 to raise awareness about the prevalence of injury in Alberta. Eleven communities implemented injury prevention action plans around awareness activities on ATVs, helmet safety, distracted driving and pedestrian safety and there were 4,240 visits to the campaign website, 48 per cent of those visits came from Alberta.

Why Act Now

Why Act Now is a new intervention program to improve the health and wellness of urban Aboriginal youth with key partners such as Amiskwaciy Academy, Inner City Youth Development Association and Boys & Girls Clubs, Big Brothers Big Sisters. Information collected from over 300 Aboriginal and new immigrant youth is being used to guide the development of programs addressing behaviours such as physical activity, nutrient intake and access to health services.

Immunization Rates

A strategy was developed and implemented to enhance immunization rates in the province. Over a million Albertans (27 per cent) received the influenza vaccine in 2013-14 compared to 23 per cent of the population in 2012-13. Albertans were able to receive the influenza vaccine from more providers and places in 2013-14. Close to 1,000 pharmacists participated in Alberta's Influenza Immunization Program offering publicly funded influenza vaccine to Albertans.

Organ and Tissue Donation

An Organ and Tissue Donation Registry was created, available through www.MyHealthAlberta.ca, where Albertans can register their intent to become an organ and tissue donor. The Registry was available for use by Albertans on March 31, 2014.

THEME 2

SECURING ALBERTA'S ECONOMIC FUTURE

As indicated in Figure 1 on page 82 there are two lines of business that align with the Securing Alberta's Economic Future theme:

- Education
- Enterprise and Ministry Support Services

Government continued its commitment to building a knowledge inspired economy and an education system that encourages Albertans to discover their talents and aspirations. Opportunities for Albertans to expand their education, coupled with a commitment to building a skilled and talented workforce are key to securing Alberta's economic future. From enhancing learner pathways to connecting job seekers with opportunities in Alberta, government is making progress toward a strong fiscal future.

EDUCATION

The outcomes for programs and services under the Education line of business include educational opportunities that are equitable, affordable and accessible; supports in place to maximize individual potential; and a skilled Alberta workforce that meets the needs of employers in a growing economy.

2013–14 Key Accomplishments

Inspiring Education Vision

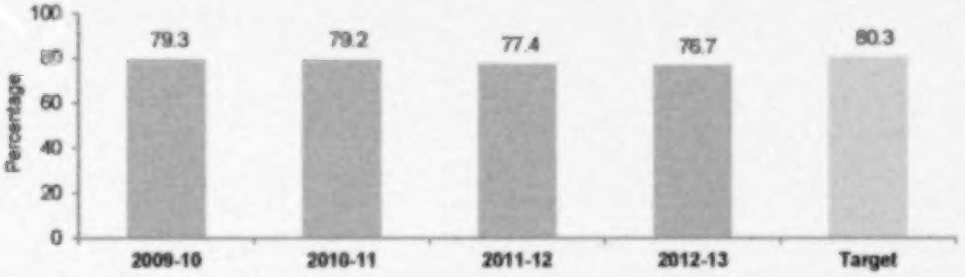
The Dual Credit Strategy allows students to earn both high school and post-secondary credits for the same coursework, make progress towards workplace certification, or gain preferred placement (course exemption) in post-secondary programs for coursework completed in high school. Twenty-six dual credit opportunities have been approved for Year One, and many of these opportunities will be available in September 2014. In addition, four new dual credit apprenticeship pathways (auto body technician, heavy equipment technician, millwright, and plumber) were developed as part of government's commitment to develop 20 new pathways. These four apprenticeship pathways became available provincially in February 2014.

Moving Forward with High School Redesign builds on the High School Flexibility Enhancement Pilot Project and other high school completion work to realize the vision and policy shifts articulated in the ***Inspiring Education*** vision. Moving Forward with High School Redesign is focused on creating flexible, student-centred approaches to 21st century learning, including increasing student engagement, improving student achievement, and enhancing teacher practice. A total of 96 schools are participating in Moving Forward with High School Redesign. These schools are exempted from the 25-hour-per-credit requirement, thereby enabling changes to practice and to timetables in support of flexible learning environments.

In May 2013, government announced the replacement of Grade 3, 6 and 9 Provincial Achievement Tests with new digital Student Learning Assessments (SLAs) in English and French. The new SLAs contribute to realizing the vision of ***Inspiring Education*** by enabling parents and teachers to be aware of a child's strengths or areas needing improvement at the start of the school year. While the government moved towards the development and implementation of SLAs, the current Provincial Achievement Tests (14 courses in English and 16 courses in French) continue to be administered.

Literacy

Percentage of students in grade 9 who achieve the acceptable standard on Provincial Achievement Tests in Language Arts



Source: Education

Results Analysis: This measure combines the results from four courses: English Language Arts 9, English Language Arts 9 Knowledge and Employability (K&E), French Language Arts 9, and Français 9. The results for both English Language Arts 9 and English Language Arts 9 (K&E) have shown a decline, whereas the results for French Language Arts 9 have improved, and results for Français 9 have remained relatively stable with some fluctuation.

Note that the flooding in Southern Alberta in the summer of 2013 resulted in a reduction of approximately one-third in the number of students writing the grade 9 English Language Arts Provincial Achievement Test and this may have impacted the overall provincial result. Caution needs to be exercised when comparing this result with prior years.

Curriculum Development

To help realize the vision of ***Inspiring Education***, government is continuing to lead a transformational shift in provincial curriculum through the Curriculum Redesign initiative. Curriculum Redesign builds on innovative education practices already happening across the province. As part of this initiative, new programs of study, assessments and learning and teaching resources are being developed that will focus on developing student competencies such as innovation, communication and collaboration. There will also be a strong focus on literacy and numeracy as the foundation to every subject, at every grade level.

Curriculum Development Prototyping is a new way of working for government. It is a new collaborative approach to developing curriculum that involves a broad range of education partners earlier in the curriculum development process. Engaging partners in Curriculum Development Prototyping reflects government's commitment to collaborate in innovative ways to develop responsive, relevant and engaging curriculum that will enable students to thrive in an ever-changing global society and world economy.

Partners participating in Curriculum Development Prototyping represent over 30 school authorities across the province, including public, separate, private, charter, and Francophone school authorities and First Nations schools; as well as post-secondary, business and industry, First Nations, Métis and Inuit partners.

Develop and Enhance School Infrastructure

Government completed three modernization/replacement projects in the province: Edmonton, Claresholm, and St. Paul with additional work completed on schools in Fort McMurray and Lloydminster. In May 2013, the Government of Alberta committed to constructing 50 new schools and the modernization of another 70 existing facilities.

Enhanced Learner Pathways

Providing learners with the freedom to pursue various pathways throughout their education is key to building a knowledge-inspired economy. Improved access and mobility encourages Albertans to discover their talents and aspirations, raising Alberta's ability to meet challenges and opportunities facing the province.

In 2013-14, government emphasized enhanced learner pathways as a priority in letters of expectation developed with post-secondary institutions. These letters helped to shape common outcomes for the system, particularly seamless learner pathways and greater collaboration.

The government is also enhancing learner pathways through funding that supports the work of the Alberta Council on Admissions and Transfer (ACAT), an independent advisory council through which stakeholders work to facilitate student mobility and transferability of courses and programs. In 2013-14, ACAT collaborated with the government to publish the first set in a series of new Student Mobility Reports. These new reports will help advance understanding of student enrolment flows into, within, and out of Alberta's public post-secondary institutions.

Engaging Under-represented Learners

Engaging under-represented learners in the advanced learning system encourages individuals to reach their educational goals, regardless of their life situation. Educational success can, in turn, expand career opportunities and improve living standards for graduates. Government is committed to ensuring that all Albertans have equitable access to advanced learning opportunities.

In August 2013, Student Aid Alberta began offering a new grant to low-income student loan borrowers in one-year undergraduate certificate programs. This provincial grant allows these students to have more equitable access to grant funding, regardless of program credential. This will enable more low-income students to achieve their educational goals.

In 2013-14, the government provided funding to not-for-profit organizations and projects such as Women Building Futures, Careers: The Next Generation, Skills Canada Alberta, and the Northeast Alberta Apprenticeship Initiative to support the engagement of under-represented groups in apprenticeship and trade-related learning opportunities. The government also worked closely with the Apprenticeship and Industry Training Board and industry to address Aboriginal participation in skilled trades. Aboriginal apprentices were awarded 17 scholarships in a variety of trades, and top employers were formally recognized for their commitment to recruiting and training Aboriginal apprentices. While Aboriginal apprentices make up only about five per cent of the total number of apprentices in Alberta, the number of registered Aboriginal apprentices has increased 50 per cent since 2009: as of December 31, 2013, there were 3,292 registered Aboriginal apprentices, compared to 2,190 in 2009.

The province continued implementing the Memorandum of Understanding (MOU) on First Nations Education, in collaboration with the Government of Canada and the Assembly of Treaty Chiefs in Alberta. This includes working to establish the Indigenous Knowledge and Wisdom Centre, First Nation Education Authorities, and mechanisms to ensure stable and predictable funding for elementary and secondary education for Aboriginal students on reserve. While this agreement is a K-12 MOU, it serves as the foundation to ensure more First Nations youth complete high school and can transition to the advanced learning system.

Alberta's New Immigration Approach

The Alberta Immigrant Nominee Program (AINP) piloted a temporary Alberta Work Experience Category to allow foreign workers with Alberta work experience to apply directly to the program. The AINP also made program criteria changes to simplify the application process. These changes were made to help those working in Alberta stay permanently and help to build Alberta's permanent workforce.

Significant progress was also made to support Alberta employers in their domestic and international recruitment, and connect job seekers with opportunities in Alberta. In May 2013, the government hosted a two-day virtual job expo, providing a platform for Alberta employers and partners to connect virtually with jobseekers. More than 1,400 attendees from Alberta, Canada and international markets had the opportunity to live chat with employers, apply for jobs, join on-line presentations and download information about working in Alberta.

Capital Expansion for Alberta's Post-secondary Institutions

In 2013-14, government committed funds over five years to support several capital expansion and upgrading projects aimed at modernizing and expanding capacity of Alberta's advanced learning infrastructure. These projects include the Centre for Applied Technologies and renovations to the Schulich School of Engineering.

State-of-the-art classrooms and simulation labs will be part of the Centre for Applied Technologies, the largest capital project ever undertaken by the Northern Alberta Institute of Technology. The centre will accommodate the equivalent of 5,000 full-time students, including 1,700 new seats. Government is providing $200 million towards this project, to train students in high-demand areas that are essential to growing and diversifying Alberta's economy.

A reconfigurable, highly flexible 240-seat theatre for special events will be included as part of the renovations to the Schulich School of Engineering at the University of Calgary. The project, which includes two new floors of research labs and a major modernization of the existing building, will allow the university to increase its engineering capacity by at least 400 undergraduate and graduate students. This will help Alberta's advanced learning system provide the skilled engineers needed to lead our industries and help Alberta become more competitive in the global marketplace.

High-Speed Internet Access

The Final Mile Rural Connectivity initiative worked with Internet Service Providers to create a comprehensive internet service coverage map of Alberta, including the locations of towers enabling services to Albertans. This initiative has enabled access to high-speed Internet for over 98 per cent of Alberta households.

Government announced the Central Alberta Satellite Solution, a five-year, $900,000 commitment to enable satellite internet access to a potential 4,600 rural and remote households by waiving the standard distance charge to customers.

Since the beginning of this initiative, government has awarded $5.5 million in funding to 24 projects through the Final Mile Rural Community Program to help cover infrastructure costs associated with enhancing high-speed internet access to rural Albertans. These community-led projects will help rural businesses open new markets through the World Wide Web and make a positive contribution to the economic development of rural Alberta. Over 52 applications and proposals were reviewed under this program.

ENTERPRISE AND MINISTRY SUPPORT SERVICES

The outcomes for programs and services under the Enterprise and Ministry Support Services line of business are committed to accountability and the effective management of resources, investments and risks. A key feature of accountability is improved access to information, programs and services. Good governance also requires that the public service has sufficient tools and resources available to deliver programs and services in the most effective and efficient way possible. Effective management of resources includes investing wisely in critical infrastructure such as highways, roads and schools.

2013 –14 Key Accomplishments

Results-based Budgeting

Under the results-based budgeting (RBB) process, close to 220 government programs and services were reviewed in 2013-14, bringing the total number of programs and services reviewed to approximately 370.

The Treasury Board Committee supported over 350 RBB recommendations this past year that are intended to improve outcomes for Albertans by reducing duplication, improving access, reallocating resources to higher priorities and streamlining processes.

The second annual Report to Albertans was released November 2013 outlining RBB progress and highlighting key findings and recommendations.

All reviews will be completed by the fall of 2014, ahead of the original three-year schedule.

Information Management

Work continued on advancing the information management vision of ensuring information is collected once, that it is managed digitally in an open and secure environment and that it is accessible and used to its fullest potential. Modernizing how the government collects and manages its information to enhance services to Albertans and improve the citizen experience is a key priority for government.

Information Technology

Information technology (IT) is essential to the transformation of government programs and services and the delivery of services to Albertans. Work has continued on re-engineering data facilities to reduce the risk of system interruption and its potential impact on business programs, and on leveraging economies of scale by moving devices and systems to a common IT infrastructure.

Develop a Transportation Strategy for Alberta

In 2013-14, the government continued to advance the development of the Transportation Strategy for Alberta, which focuses on multiple travel options, connections and ways to move people and products. The strategy will provide a vision for Alberta's transportation system over the next 50 years to direct the future of Alberta's transportation network that is safe, sustainable and innovative, and that supports a high quality of life for Albertans.

Phase One of the Strategy engagement involved holding public consultations in 18 communities throughout Alberta in January and February 2014. The public discussions were held in St. Paul, Lloydminster, Fort McMurray, Fort Macleod, Lethbridge, Medicine Hat, Drumheller, Bassano, High Level, Peace River, Grande Prairie, Hinton, Edmonton, Calgary, Red Deer, Cochrane, Rocky Mountain House, and Slave Lake. More than 900 participants attended the discussions and over 100 written submissions were provided during Phase One.

Phase Two of the Strategy engagement will be initiated in 2014-15 and will involve an on-line survey and workbook. Input from all phases will be considered in the development of the strategy that is targeted for completion in 2014-15.

Twinning of Highway 63 Between Grassland and Fort McMurray

Progress was made on the construction of the twinning of Highway 63, reflecting the government's commitment to support economic growth and public safety. With more than 20 per cent of the 240 kilometre twinning already complete and open to the public, 2013-14 saw more than 60 per cent of the project currently under various stages of construction. Numerous projects were tendered and awarded in 2013-14 to allow for 135 kilometres of grading, 133 kilometres of paving and 146 kilometres of crushing work to be undertaken on the corridor. By summer 2014 all twinning contracts will be awarded. Tenders that were awarded included two of the largest non-P3 transportation contracts ever for Alberta, worth more than $275 million:

- $147 million to twin 32 kilometres of Highway 63 between House River and south of Mariana Lake, including three new bridges; and
- $130 million to twin 25 kilometres of Highway 63 from south of Horse Creek to north of Hangingstone River.

The 240 kilometre section between Grassland and Fort McMurray on this important and highly-travelled economic corridor is scheduled to be completed by the end of 2016.

Revitalizing the Public Service

Over the past two years, the Alberta Public Service (APS) has been on a journey of organizational transformation and culture change through Reaching our Full Potential (ROFP). Thousands of employees from across the province are involved and empowered to make a difference in the lives of Albertans, work with purpose and pride, achieve through innovation and collaboration, ensure the APS is a great place to work and developing leaders at all levels of the APS. Foundational to organizational transformation and culture change is the development of effective leadership. In December 2013, Leadership and Talent Development was created to develop a corporate approach and guide implementation to develop leadership capacity at all levels of the APS.

Based on the 2013 Corporate Employee Survey results, 86 per cent of employees agreed they had heard of ROFP and 42 per cent had actively participated in or supported ROFP in 2013. To support a revitalized public service, government undertook organizational reviews to ensure administrative, program and service delivery structures: align with the government's priority objectives of appropriate management responsibilities and classification; contribute to government strategic and department priorities and focused agenda; and align with results-based budgeting. Progress towards the 10 per cent management reduction by March 31, 2016 continues with a goal of achieving effective organizational alignment within the APS.

Engaging Albertans on the Economy, Budget-setting Priorities and How to Use Our Resource Revenue

In the *Budget 2014* consultations, Albertans told government that public infrastructure is a top priority. Overall, responses in 2013-14 in both the open houses and on-line survey ranked infrastructure, spending on core services and funding for municipalities as priorities, while saving for the future was ranked as least important.

The *Budget 2014* consultations resulted in the following participation:

- attendance at open houses (October 9–October 18, 2013): 292 citizens; and
- on-line survey (October 1–October 31, 2013): 2,173 responses.

The Alberta Economic Summit, held in Edmonton on October 5, 2013, was part of the *Budget 2014* consultations. Leaders from academia, private and public sectors, as well as MLAs and guests, discussed how to manage savings and explored alternative financing options for new roads, schools and health facilities.

The Alberta government consults economic experts from across Canada about revenue forecasts. Their insights help adjust our forecasts as changes happen in markets and the world economy:

- the Alberta Forecast Consultation was held in Edmonton on December 6, 2013 with six chief and senior economists from major national banks; and
- the Forecasting and Fiscal Planning Summit was held in Calgary on July 4, 2013, in association with the Conference Board of Canada. Leaders from the academic, private and public sectors throughout Canada were invited to discuss economic and fiscal planning in Alberta.

THEME 3 ADVANCING WORLD-LEADING RESOURCE STEWARDSHIP

As indicated in Figure 1 on page 82 there are two lines of business that align with the Advancing World-leading Resource Stewardship theme:

- Resource Management and Environmental Stewardship (combined)
- Economic Development

Alberta's resources must be developed responsibly, taking into account not only economic outcomes but also the long-term social and environmental results Albertans want. From ensuring long-term sustainability of Alberta's retail electricity system to advancements in reducing greenhouse gas emissions, government continues to play a significant role in ensuring sustainable development creates a legacy for future generations of Albertans.

RESOURCE MANAGEMENT AND ENVIRONMENTAL STEWARDSHIP

The outcomes for programs and services under the Resource Management and Environmental Stewardship lines of business are focused on ensuring that economic wealth is generated for Albertans from the responsible use and development of natural resources. These programs and services work to ensure a sustainable and quality natural environment that inspires confidence for Albertans and the global community.

2013–14 Key Accomplishments

Alberta's Competitive Retail Market for Electricity and Natural Gas

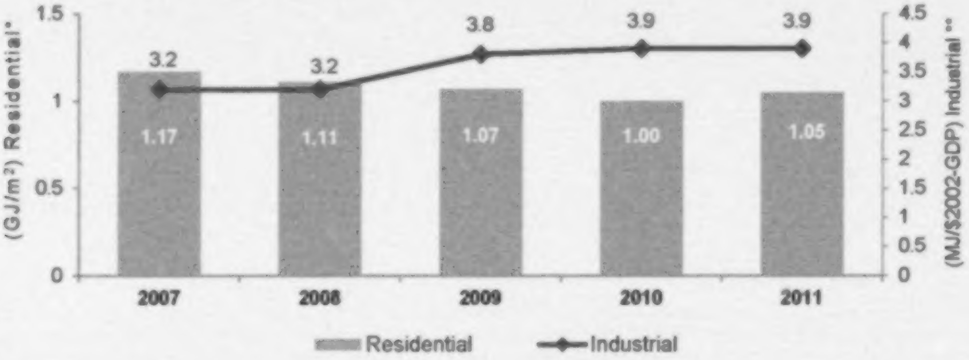
The MLA Retail Market Review Committee (RMRC) Implementation Team (MLA RIT) was established in May 2013 to develop a plan to implement 33 recommendations of the RMRC. The recommendations were developed to protect Albertans against high electricity costs, provide consumers with improved retail choices, enhance information to protect vulnerable Albertans and strengthen consumer advocacy.

The MLA RIT was asked to consult with consumer groups, industry, agencies, rural electrification associations and others, and to ensure that the public interest was considered throughout its deliberations.

Several priority areas were identified to help ensure long-term sustainability of Alberta's retail electricity system. These include clarification of roles for rural electric utilities, which includes rural electrification associations and investor-owned utilities; restructuring the Utilities Consumer Advocate to better govern the retail market; and providing better information to consumers.

Energy Intensity

Amount of energy used per unit of measure



Source: Natural Resources Canada

- * Gigajoules (billions of joules) per square metre of residential space.
- ** Megajoules (millions of joules) per unit of industrial gross domestic product expressed in constant 2002 dollars.

Indicator Analysis: This indicator tracks energy consumption in the residential and industrial sectors in Alberta.

In the case of the residential sector, the indicator is calculated as energy used per square metre of floor space. The residential sector is comprised of single detached homes, single attached homes, apartments and mobile homes. Since 2007, the amount of energy used per square metre has decreased. This tends to indicate that the residential sector, especially new builds, has become more energy efficient.

In the industrial sector, the rise in energy used is attributable to increased activity in the sector.

Vision for Environmental Leadership and Growth

Progress has been made towards the 25 to 40 year vision for leadership and growth in the environment. The commitment has evolved and has been incorporated with government's focused agenda: An Integrated Resource Management System. Priority work in support of advancing the integrated resource management system includes regional planning, integrated policies, regulatory enhancement and improved environmental monitoring. These initiatives are being advanced to ensure responsible growth with integrated and sustainable solutions for the future.

The regional plans being developed across the province are intended to reflect a 50 year horizon. Long-term strategies supporting the vision include (but are not limited to) the *Clean Air Strategy, Water for Life Strategy, the Climate Change Strategy, Energy Strategy,* and *Responsible Actions.*

Water Conservation

In 2013, the Government of Alberta renewed a conversation with Albertans on managing water resources to ensure future needs. The water conversation focused on potential water management options that could help Alberta respond to future demands for water to support growing communities, healthy aquatic ecosystems and a strong economy. Themes of the water conversation included: healthy lakes; hydraulic fracturing and water; drinking water and wastewater; and water management. The water conversation action plan forms the basis of the *Water for Life* Action Plan renewal.

Government's ongoing commitments to assess water quality for agriculture use and to examine the effects of agriculture on water quality has led to the initiation of the Alberta Phosphorus Watershed Project in collaboration with industry to develop and test a risk-based tool to minimize phosphorus losses from agriculture lands. Water quality advancements for the agriculture sector will help to maintain the quality of the province's resources, ensure industry competitiveness, and increase Alberta's social license to operate.

The completion of Alberta's Irrigation Strategy required a collaborative approach with irrigation districts, municipal and federal governments, and individual farm operators to determine the most effective environmental policy tactics for Alberta. Going forward, we will lead the implementation of productivity, efficiency, conservation, water supply, and environmental stewardship recommendations stemming from the Irrigation Strategy as part of our support for provincial economic, environment, and conservation targets.

Canadian Energy Strategy (CES)

Alberta supports the development of the Canadian Energy Strategy (CES), which is a national collaborative approach to energy development that positions Canada internationally. It will further contribute to increased security, stability and equitable access to energy for all Canadians. The CES will position Canada as a global leader in social and environmentally responsible energy development.

The CES continues to be developed based on expertise, research and stakeholder feedback from across Canada. A successful national CES Stakeholder Engagement Workshop involving 100 participants was held in Edmonton in June 2013. Open dialogue and collaboration continues to occur among the provinces and territories to ensure that a broad range of views, energy needs and priorities are reflected in the strategy.

A CES Progress Report was approved and released at the Council of Federation (COF) meeting in July 2013 identifying the vision and principles, activities undertaken by provinces and territories since 2007, and potential challenges and opportunities facing Canada's energy sector.

Reducing Greenhouse Gas Emissions

Alberta is committed to being a responsible global energy supplier and a leader in greenhouse gas reduction technology. The *Climate Change Strategy* and Specified Gas Emitters Regulation are being renewed to ensure continued effectiveness and to look for innovative ways to reduce emissions at the source.

Growth in greenhouse gas emissions from the oil sands has increased due to production increases in meeting a growing global demand for energy. To provide perspective, oil sands greenhouse gas emissions make up approximately 22 per cent of Alberta's emissions; eight per cent of Canada's emissions; and less than 0.15 per cent of global emissions. Per barrel (intensity) greenhouse gas emissions continue to decrease, where since 1990 intensity has improved by about 26 per cent.

Alberta has been participating with other provinces and territories as well as industry in the federal government's sector-based meetings to establish national greenhouse gas performance standards. In 2013-14, national regulations for coal-fired electricity generation were established. Alberta has initiated a process to establish equivalency to implement these requirements through Alberta's Specified Gas Emitters Regulation. Sector-based regulations and equivalency discussions are continuing in 2014.

Micro-generation

In December 2013, the Micro-generation Regulation was renewed and extended until December 2015 to enable micro-generation to continue to develop in the province. The regulation enables customer choice in the source of their electricity and reduces the administrative and regulatory burden on micro-generators. The regulation establishes compensation for excess energy from micro-generation in a manner that is consistent with Alberta's competitive electricity market.

As of March 2014, over 900 micro-generation sites had been approved with a combined total capacity of approximately 4.8 Megawatts. This represents an increase of almost 250 sites and 1.5 Megawatts from March 2013.

Land Reclamation Framework

A Land Reclamation Framework is being developed to provide strategic direction for restoration of disturbed lands. The Framework will address current issues in reclamation, regulatory gaps, and abandoned infrastructure, as well as provide an implementation plan for future activities. Alberta's extensive industrial development related to oil and gas, oil sands, coal, and aggregates has resulted in significant disturbance on the landscape. While Alberta has some of the country's leading technical and regulatory guidance on reclamation, the issues associated with reclamation require overarching direction and alignment with natural resource management and land-use planning initiatives.

ECONOMIC DEVELOPMENT

The outcomes for programs and services under the Economic Development line of business are focused on ensuring adequate infrastructure and transportation capacity for Alberta's economy and a stable, secure and predictable business climate. The government is also committed to ensuring that Albertans benefit from access to markets for business, strong value-added industries and economic diversification.

2013–14 Key Accomplishments

Alberta's International Strategy

The Government of Alberta's new International Strategy, launched in May 2013, focuses on global priorities, articulates strategic objectives, and sets out an action plan to achieve these objectives. The implementation of the International Strategy has driven cross-ministry discussions, including harmonization of international activities and addressing high priority domestic issues affecting market access, such as oil market diversification. Accordingly, Alberta has developed targeted regional strategies for the province's priority markets, identifying key economic sectors of focus and emerging market opportunities.

Alberta also established the Small and Medium-Sized Enterprises (SME) Export Council, which will work to advise and make recommendations to the government on measures to expand, encourage and facilitate access of Alberta SMEs to foreign markets.

Alberta Externship Program

Alberta established the Alberta Abroad Program to provide recent Alberta post-secondary graduates with opportunities to develop specialized skills and gain international work experience.

In 2013-14, the Alberta Abroad Program successfully negotiated and filled 16 externship positions with 14 host organizations in Shanghai, Beijing, Hong Kong, Tokyo, Hokkaido, Singapore, Munich, Geneva, New York City, and Washington, D.C. Planning for further expansion of the program is underway for 2014-15.

The Province's Relationship with Aboriginal Albertans

The Government of Alberta's Policy on Consultation with First Nations on Land and Natural Resource Management, 2013 is aimed at improving the First Nations consultation process through increased clarity, consistency and transparency. Its implementation is anticipated later in 2014.The new policy is the result of the ongoing commitment of First Nations, industry, municipalities, and other stakeholders to engage with Alberta in a multi-year review process.

The Government of Alberta signed the Long-Term Arrangements with the eight Metis Settlements and the Metis Settlements General Council on July 4, 2013. The Agreement lays out a 10-year funding commitment aimed at promoting the long-term economic sustainability of the Settlements.

On May 16, 2013, the Government of Alberta and the eight Metis Settlements agreed to amend the Co-Management Agreement. This provided the Settlements with greater control over resource development on their lands and a greater ability to share in the benefits by lifting the moratorium on oil and gas development on Settlements.

In December 2013, government hosted the second annual Alberta-First Nations Opportunities Forum. The forum gave Cabinet Ministers and First Nations leaders the opportunity to discuss key issues identified by First Nations.

Government also extended the 2008 *Protocol Agreement on Government to Government Relations* while beginning work on the development of three new separate Protocol Agreements with the Confederacy of Treaty Six, Treaty 7 Management Corporation and Treaty 8 First Nations of Alberta. The *Protocol Agreement* encourages meaningful discussion and information-sharing with First Nations.

The Minister of Aboriginal Relations visits First Nations communities to identify and develop approaches to shared priorities, and support the government's efforts to connect Aboriginal communities with appropriate provincial ministries and programs.

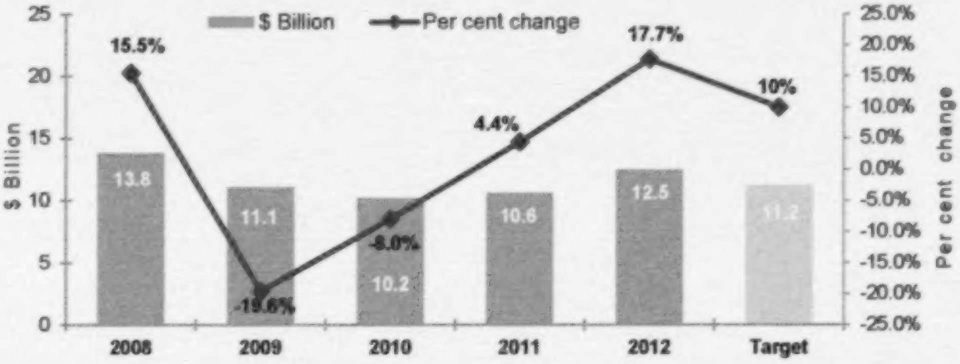
International Offices

Three new Alberta international offices were opened in 2013-14 in Chicago, New Delhi and Singapore.

Enhanced performance measures have been developed for reporting in 2015 which will capture the important work of international offices and illustrate how the offices support the objectives of the International Strategy, as well as increase the alignment of overall organizational performance measures.

Manufacturing and Service Industry Investment

The value of Alberta's capital investment by the manufacturing and services sector in current dollars (annual percentage change)



Source: Statistics Canada, Capital and repair expenditures, by sector and province

Results Analysis: In 2012, investment rose higher than expected. Enterprises may have ended up investing more than they initially intended to in 2012 due to favourable economic conditions. In 2012, Alberta's real GDP at market prices grew by 3.8 per cent, the strongest growth in the country and the third consecutive year of robust growth.

INDEPENDENT AUDITOR'S REPORT

AUDITOR GENERAL *Alberta*

To the Members of the Legislative Assembly

Report on the Performance Measures

I have audited the four performance measures identified as "audited" in the performance measures by goal section of Measuring Up for the year ended March 31, 2014.

Management's Responsibility for the Performance Measures

The audited performance measures are the responsibility of the Government of Alberta and are prepared on its behalf by the Ministry of Treasury Board and Finance's management in accordance with the following criteria:

- Reliability—The information used in applying performance measure methodologies agrees with underlying source data for the current and prior years' results.
- Understandability—The performance measure methodologies and results are presented clearly.
- Comparability—The methodologies for performance measure preparation are applied consistently for the current and prior years' results.
- Completeness—The goals, performance measures and related targets match those included in Budget 2013.

Auditor's Responsibility

My responsibility is to express an opinion on the reliability, understandability, comparability and completeness of these performance measures based on my audit. My audit was not designed to assess the relevance and sufficiency of the audited performance measures in demonstrating Government of Alberta progress towards the related goals.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the audited performance measures are free of material misstatement. An audit includes examining, on a test basis, evidence supporting these performance measures. An audit also includes assessing the principles used and the significant judgments made by management, as well as evaluating the overall presentation of the audited performance measures.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the four audited performance measures in the performance measures by goal section of Measuring Up present fairly, in all material respects, results in accordance with the criteria of reliability, understandability, comparability, and completeness as described above.

[Original signed by Merwan N. Saher, FCA]

Auditor General

June 18, 2014

Edmonton, Alberta

PERFORMANCE MEASURES BY GOAL

GOAL 1

HONOUR ALBERTA'S COMMUNITIES – **Alberta's communities are safe, prosperous, welcoming, culturally diverse and desirable places to live or destinations to visit.**

Goal One Performance Measures (audited)	Previous Results	Targets 2013–14	Current Results
Participation in the Arts *(see note 1 in the* Sources and Notes *section on page 132)*			
Percentage of adult Albertans who participated in arts activities or events	90.8% (2012–13)	90.0%	89.4% (2013–14)
Goal One Performance Measures (unaudited)			
Volunteerism *(see note 2)*			
Percentage of adult Albertans who volunteered in their community	89.5% (2012–13)	80.0%	83.9% (2013–14)
Participation in Recreational Activities and Sport *(see note 3)*			
Percentage of adult Albertans who participated in recreational activities and sport	81.6% (2012–13)	85.0%	85.5% (2013–14)
Tourism Expenditures *(see note 4)*			
Total tourism expenditures in Alberta ($ billions)	$7.4 (2012)	$8.4	NA* (2013)

Goal One Indicators (unaudited)					
Crime Rate *(see note 5)*	**2008**	**2009**	**2010**	**2011**	**2012**
Violent Crime Rate (Per 100,000 population)					
Alberta	1,541	1,513	1,476	1,405	1,382
Canada	1,331	1,318	1,287	1,231	1,190
Property Crime Rate (Per 100,000 population)					
Alberta	5,711	5,336	4,908	4,371	4,294
Canada	4,249	4,110	3,824	3,520	3,414

* The 2013 result from Statistics Canada has not yet been released.

Notes: Calendar years are presented, for example, as 2013; fiscal years are presented, for example, as 2013-14.

GOAL 2 SUPPORT VULNERABLE ALBERTANS – Vulnerable Albertans are safe, and have opportunities to contribute to and benefit from Alberta's economic, social and cultural life.

Goal Two Performance Measures (audited)	Previous Results	Targets 2013–14	Current Results
Aboriginal Employment (Off-Reserve) *(see note 6 in the* Sources and Notes *section on page 132)*			
Difference between the unemployment rate of Aboriginal Albertans living off reserve and other Albertans	7.2 percentage points (2012)	6.0 percentage points or less	3.7 percentage points (2013)

Goal Two Performance Measures (unaudited)	Previous Results	Targets 2013–14	Current Results
Support for Albertans with Low Incomes Who Need Temporary Help *(see note 7)*			
Percentage of participants employed after leaving income support	59% (2012–13)	70%	57% (2013–14)
Family Enhancement and Child Protection Services *(see note 8)*			
Percentage of children and youth who received child intervention (family enhancement or protective) services and did not require protective services within 12 months of file closure	89% (2012–13)	88%	88% (2013–14)
Skills, Training and Development *(see note 9)*			
Percentage of clients reporting they are either employed or in further education or training after leaving a skills training program	74% (2012–13)	77%	80% (2013–14)

Goal Two Indicators (unaudited)	
Employment Status of Albertans with Disabilities *(see note 10)*	**2011**
Percentage of persons with disabilities employed	56.5%
Percentage of persons without disabilities employed	72.7%

Notes: Calendar years are presented, for example, as 2013; fiscal years are presented, for example, as 2013-14.

GOAL 3 HEALTHY ALBERTANS – Alberta's health care system gives Albertans the supports they need to lead healthy lives.

Goal Three Performance Measures (audited)	Previous Results	Targets 2013–14	Current Results
Satisfaction with Health Care Services Received *(see note 11 in the* Sources and Notes *section on page 133)*			
Percentage of Albertans satisfied or very satisfied with health care services personally received in Alberta within the last year	63% (2012–13)	65%	66% (2013–14)

Goal Three Performance Measures (unaudited)			
Access to Continuing Care *(see note 12)*			
Number of persons waiting in an acute care hospital bed for continuing care	453 (2012–13)	300	512 (2013–14)
Number of persons waiting in the community for continuing care	701 (2012–13)	800	681 (2013–14)
Healthy Alberta Risk Trend Index (HARTi) *(see note 13)*			
Average number of health risk factors per person aged 20–64 years	2.17 (2011)	2.11	2.22 (2012)

The HARTi is calculated using six self-reported indicators of health behaviours known to be risk factors for health, including life stress, body mass index, fruit and vegetable consumption, physical activity, smoking status, and frequency of binge drinking.

Goal Three Indicators (unaudited)					
Potential Years of Life Lost* *(see note 14)*	**2006–08r**	**2007–09r**	**2008–10r**	**2009–11r**	**2010–12**
Age-standardized potential years of life lost, per 100,000 population, 0–74 years, all causes	4,907	4,821	4,668	4,485	4,369
Avoidable Mortality Rates* *(see note 15)*	**2006–08r**	**2007–09r**	**2008–10r**	**2009–11r**	**2010–12**
Age-standardized avoidable mortality rates, per 100,000 population, by selected causes of death					
Cancer	153.9	152.8	149.0	144.7	141.0
Injuries	48.7	47.8	46.9	45.3	45.1
Circulatory diseases	169.9	165.7	161.4	155.4	149.4
Life Expectancy at Birth* *(see note 16)*	**2009r**	**2010r**	**2011r**	**2012r**	**2013**
Males and females (years)	80.96	81.43	81.59	81.67	81.72
Access to Primary Care through Primary Care Networks *(see note 17)*	**2008–09**	**2009–10**	**2010–11**	**2011–12**	**2012–13**
Percentage of Albertans enrolled in a Primary Care Network	55%	60%	67%	72%	74%

* 2010-12 results for Potential Years of Life Lost and Avoidable Mortality Rates and the 2013 results for Life Expectancy are now available due to updated data received from Alberta Vital Statistics.

r revised historical results for the indicators are based on adjustments to the Alberta Health Care Insurance Plan (AHCIP) Quarterly Population Registry Files, which were required due to the elimination of health premiums in 2009. Adjusting the records to account for revised information on deaths and out-migration and weighting the files based on Statistics Canada estimates has produced more accurate estimates.

Notes: Calendar years are presented, for example, as 2013; fiscal years are presented, for example, as 2013-14.

GOAL 4

INVEST IN LEARNING – Alberta's economy is knowledge-inspired and its education system is sustainable and meets the lifelong learning needs of Albertans as well as the needs of the province.

Goal Four Performance Measures (unaudited)	Previous Results	Targets 2013–14	Current Results
High School Completion Rate *(see note 18 in the* Sources and Notes *section on page 135)*			
High school completion rate of students within five years of entering grade 10	80.8% (2011–12)	81.5%	81.7% (2012–13)
Post-secondary Transition Rate *(see note 19)*			
Percentage of students entering post-secondary programs (including apprenticeship) within six years of entering grade 10	59.5% (2011–12)	60.5%	59.2% (2012–13)
Literacy *(see note 20)*			
Percentage of students in grade 9 who achieve the acceptable standard on Provincial Achievement Tests in Language Arts	77.4% (2011–12)	80.3%	76.7% (2012–13)
Business Expenditures on Research and Development *(see note 21)*			
Alberta business expenditures on research and development ($ millions)	$1,550 (2010)	$1,085	$1,363 (2011)

Goal Four Indicators (unaudited)					
Educational Attainment of Albertans Age 25+ *(see note 22)*					
High School completion (age 25–34)	**2009**	**2010**	**2011**	**2012**	**2013**
Alberta	91.0%	90.7%	90.9%	91.2%	92.3%
Canada	92.0%	92.2%	92.5%	92.2%	92.5%
Post-secondary completion (age 25–64)	**2009**	**2010**	**2011**	**2012**	**2013**
Alberta	61%	62%	61%	62%	62%
Canada	61%	63%	63%	64%	64%
International Literacy (15 years old) *(see note 23)*					
Performance of Alberta students in the Programme for International Student Assessment (PISA) of Reading Literacy	**2000**	**2003**	**2006**	**2009**	**2012**
Alberta	550	543	535	533	525
Canada	534	528	527	524	523
OECD Average	500*	494	492	496	496
* Three Organization for Economic Co-operation and Development (OECD) countries (The Netherlands, the Slovak Republic and Turkey) were not included in the PISA 2000 assessment.					
Educational Attainment of Aboriginal Albertans *(see note 24)*	**2009**	**2010**	**2011**	**2012**	**2013**
Post-secondary completion (age 25–64)	46%	46%	48%	51%	48%

Notes: Calendar years are presented, for example, as 2013; fiscal years are presented, for example, as 2013-14.

GOAL 5

PRESERVE THE PROVINCE'S FINANCES – Alberta has a strong fiscal future, well managed finances, wise provincial program and infrastructure spending and intelligent savings and investment policies.

Goal Five Performance Measures (audited)	Previous Results	Targets 2013–14	Current Results
Credit Rating *(see note 25 in the Sources and Notes section on page 137)*			
Blended credit rating for domestic debt.	AAA (2012)	AAA	AAA (2013)

Goal Five Indicators (unaudited)					
Alberta Assets* *(see note 26)*					
Alberta's net assets ($ millions)	**2009–10**	**2010–11**	**2011–12**	**2012–13**	**2013–14**
Net assets on fiscal plan basis	$50,549	$47,089	$47,070	$44,229	$44,984
Net assets on consolidated financial statement basis	$61,534	$59,260	$59,113	$53,972	$53,871
Economic Diversity *(see note 27)*					
Percentage of Gross Domestic Product by top three sectors	**1985**				**2012**
Energy	36.1%	Energy			23.3%
Finance and Real Estate	11.0%	Finance and Real Estate			13.6%
Retail and Wholesale	8.1%	Construction			10.9%
Index of Economic Well-Being (Standard of Living)** *(see note 28)*	**2009**	**2010**	**2011**	**2012**	
Alberta's ranking among the provinces	1st	1st	1st	1st	
Alberta's rate	0.692	0.744	0.757	0.758	
Canada's rate	0.543	0.556	0.562	0.569	

* Effective April 1, 2012, the province changed its policy for recording transfers from the Government of Canada for capital purposes and donated assets. This resulted in an adjustment of $2,003 million to the opening balance of net assets of the 2012-13 period to reflect the cumulative effect of the change on prior periods.

** The rating indicates Alberta's and Canada's position on an indexed scale derived from weighting four variables of economic well-being: consumption, wealth, equality and security.

Notes: Calendar years are presented, for example, as 2013; fiscal years are presented, for example, as 2013-14.

GOAL 6

INNOVATIVE AND RESPONSIBLE RESOURCE DEVELOMENT – Alberta's resources are developed using innovative and responsible solutions that protect Alberta's environment and provide a healthy Alberta for future generations.

Goal Six Performance Measures (unaudited)	Previous Results	Targets 2013–14	Current Results
Total Greenhouse Gas Emissions *(see note 29 in the Sources and Notes section on page 137)*			
Success in meeting the greenhouse gas emissions growth targets measured in million tonnes of CO_2 equivalent as outlined in *Alberta's 2008 Climate Change Strategy*	242 (2011)	*	249 (2012)

* Targets used to assess progress on greenhouse gas emissions are based upon Alberta's public commitments under the *2008 Climate Change Strategy*; a comparable target for 2012-13 is 246.

Goal Six Indicators (unaudited)

Air Quality Index *(see note 30)*		2010	2011	2012	2013
Quality of Alberta's air based on five major pollutants: carbon monoxide, nitrogen dioxide, ozone, sulphur dioxide, and fine particulate matter		93%	95%	97%	96%
		Good air quality days			

River Quality Index *(see note 31)*	2008–09	2009–10	2010–11	2011–12	2012–13
Water quality of six major Alberta rivers at key sites, based on monthly data on four groups of variables (metals, bacteria, nutrients and pesticides), which are averaged to provide an overall water quality rating	6 out of 6	5 out of 6	5 out of 6	4 out of 6	5 out of 6
	River systems have good to excellent water quality				

Oil Sands Mine Permanent Reclamation* *(see note 32)*	2009	2010	2011	2012	2013
An indication of cumulative terrestrial, wetlands, and aquatics land where landform construction and contouring, clean material placement and reclamation material placement and revegetation has occurred reflective of the approved reclamation and revegetation plans	4,652 hectares	4,835 hectares	4,687 hectares	5,042 hectares	5,446 hectares

* Does not include in situ oil sands. After a period of time, permanently reclaimed land requires a reclamation certificate under the *Environmental Protection and Enhancement Act*. 104.0 hectares have been certified and returned to the Crown.

2009: (3,494 hectares terrestrial; 1,158 hectares aquatic and wetlands); 2010: (3,643 hectares terrestrial; 1,192 hectares aquatic and wetlands); 2011: (3,537 hectares terrestrial; 1,150 hectares aquatic and wetlands); 2012: (3,827 hectares terrestrial; 1,215 hectares aquatic and wetlands); 2013: (4,178 hectares terrestrial; 1,268 hectares aquatic and wetlands).

Energy Intensity *(see note 33)*					
Amount of energy used per unit of measure	**2007**	**2008**	**2009**	**2010**	**2011**
Residential sector (GJ/m2)*	1.17	1.11	1.07	1.00	1.05
Industrial sector (MJ/$2002-GDP)**	3.2	3.2	3.8	3.9	3.9

* Gigajoules (billions of joules) per square metre of residential space.

** Megajoules (millions of joules) per unit of industrial gross domestic product expressed in constant 2002 dollars.

Notes: Calendar years are presented, for example, as 2013; fiscal years are presented, for example, as 2013-14.

GOAL 7

BUILD RELATIONSHIPS AND MARKETS – **Alberta has access to new markets and enhanced investment attraction through strengthened relationships with existing partners and the creation of relationships with new partners.**

Goal Seven Performance Measures (unaudited)	Previous Results	Targets 2013–14	Current Results
Manufacturing and Service Industry Investment *(see note 34 in the* Sources and Notes *section on page 139)*			
The value of Alberta's capital investment by the manufacturing and services sector in current dollars (annual percentage change) ($ millions)	$10,642 +4.4% (2011)	$11,212 +10%	$12,529 +17.7% (2012)

Goal Seven Indicators (unaudited)					
Investment in Alberta *(see note 35)*	**2009**	**2010**	**2011**	**2012**	**2013**
Dollars per capita invested					
Alberta	$17,892	$21,861	$23,461	$26,326	$27,616
Canada	$9,090	$10,165	$10,758	$11,326	$11,342
Exports by Sector and Destination* *(see note 36)*			**2011**	**2012**	**2013**
Energy			$67.3 billion	$69.7 billion	$77.3 billion
Non-Energy			$25.9 billion	$26.2 billion	$26.4 billion
Percentage of total exports to US			87%	87%	88%
Percentage of total exports to other (non-US) destinations			13%	13%	12%

* Excludes re-exports

Notes: Calendar years are presented, for example, as 2013; fiscal years are presented, for example, as 2013-14.

SOURCES AND NOTES

1. Participation in the Arts

Source: Culture, Survey of Albertans on Culture

Note(s): Albertans were asked if they had personally attended or participated in a broad range of arts activities or events in the last year, such as attending live performances, festivals, home-based arts activities, writing/publishing a literary work, school and community-based arts programs and the purchasing of art products. The Survey of Albertans on Culture is a province-wide telephone survey of adult Albertans. Leger conducted this survey and collected 1,000 responses using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. The response rate was 28.1 per cent and the margin of error +/- 3.1 per cent, 19 times out of 20.

2. Volunteerism

Source: Culture, Survey of Albertans on Culture

Note(s): Albertans were asked if they had volunteered in areas such as arts, culture, sports, recreation, libraries, human services, youth development, informal volunteering or any other type of volunteer work in the last year. The Survey of Albertans on Culture is a province-wide telephone survey of adult Albertans. Leger conducted this survey and collected 1,000 responses using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population. The response rate was 28.1 per cent and the margin of error +/- 3.1 per cent, 19 times out of 20.

3. Participation in Recreational Activities and Sport

Source: Tourism, Parks and Recreation, Tourism, Parks and Recreation Survey of Albertans

Note(s): Albertans were asked if they had participated in recreational activities such as walking, bicycling, skiing, golfing, skating, swimming and amateur sports in the last year. The Tourism, Parks and Recreation Survey of Albertans is a province-wide telephone survey of adult Albertans. Leger conducted this survey and collected 1,000 responses using a random sample stratified by age group, gender and geographic location to be representative of Alberta's population.The response rate was 26.6 per cent and the margin of error +/- 3.1 per cent, 19 times out of 20.

4. Tourism Expenditures

Source: Statistics Canada, Travel Survey of Residents of Canada and the International Travel Survey, and Tourism, Parks, and Recreation

Note(s): Expenditures include those made in Alberta by visitors from overseas, the United States, other Canadian provinces and residents of Alberta. The data is from Statistics Canada. Results may be revised based on new data from the Travel Survey of Residents of Canada and the International Travel Survey.

5. Crime Rates: Violent/Property

Source: Canadian Crime Statistics, Statistics Canada: Canadian Centre for Justice Statistics–Uniform Crime Reporting Survey

Note(s): Historical results have been revised to reflect updated data provided by police services for incidents that occurred in previous years. Property crime includes theft, break-and-enter, fraud and possession of stolen goods. This does not include the use of threat of violence against an individual. Violent crime includes homicide, attempted murder, various forms of sexual assault, robbery and abduction. This does not include traffic incidents that result in death or bodily harm.

6. Aboriginal Employment

Source: Statistics Canada Labour Force Survey and Jobs, Skills, Training and Labour and Aboriginal Relations

Note(s): This measure reports on the difference between the unemployment rate of Aboriginal Albertans living off-reserve and other Albertans on a calendar year basis. Aboriginal unemployment rates have typically been higher than unemployment rates for other Albertans. The unemployment rates for both off-reserve Aboriginal Albertans and other Albertans are based on the Labour Force Survey conducted by Statistics Canada. Data tables are provided by Statistics Canada and tabulated by staff from the Ministry of Jobs, Skills, Training and Labour to produce the result for this measure, i.e., the difference between the unemployment rates.

7. Support for Albertans with Low Incomes who Need Temporary Help

Source: Human Services Working Outcomes Reporting Project Survey

Note(s): The results of this measure are obtained through the Work Outcomes Reporting Project (WORP) survey. An independent consultant was retained through WORP to contact former Income Support Program participants three months after they left the program. Participants are asked to respond to the question, "Have you been employed at any time since you stopped receiving social assistance?" Responses that indicate the participant is employed are used to calculate the result. The estimated margin of error for the provincial sample of 817 is +/- 3.4 per cent points based on the 95 per cent confidence interval.

8. Family Enhancement and Child Protection Services

Source: Human Services, Child and Youth Information Module, and Intervention Services Information System

Note(s): The measure describes the proportion of children who require intervention services through child protection within 12 months of concluding previous intervention services. Families that are involved in child intervention services typically have many complex issues. Having addressed the original concern there may be a new different concern that arises for the family, or issues related to the previous concern may emerge.

9. Skills Training and Development

Source: Human Services, Working Outcomes Reporting Project Survey

Note(s): The results of this measure are obtained through the Work Outcomes Reporting Project (WORP) survey. An independent consultant was retained through WORP to survey former participant's three months after they have left a Work Foundations and Training-for-Work program. Survey questions were: "What is your current main activity? Are you Employed, Self-Employed, In School/Training, Unemployed, Retired?" Responses that indicate that the participant is employed or in school or training are used to calculate the result. The estimated margin of error for the provincial sample of 1,414 is +/- 2.6 per cent points based on the 95 per cent confidence interval.

10. Employment Status of Albertans with Disabilities

Source: Statistics Canada, Survey on Labour and Income Dynamics (2011)

Note(s): This indicator reports on the employment rate of all Albertans and that of the population living with a disability in Alberta. The employment rates for all Albertans and the population living with a disability are from Statistics Canada's Survey on Labour and Income Dynamics that was previously conducted annually but discontinued after 2011.

11. Satisfaction with Health Care Services Received

Source: 2014: Health Quality Council of Alberta. Satisfaction and Experience with Health Care Services: A Survey of Albertans, conducted by the Population Research Laboratory at the University of Alberta

2013: Health Quality Council of Alberta. Provincial Survey about Health and the Health System in Alberta, conducted by the Population Research Laboratory at the University of Alberta

Note(s): Results reflect Albertans' overall rating of their satisfaction with health care services personally received in Alberta within the past year. In 2014, a total of 1,957 people in Alberta were surveyed. The estimated margin of error for the provincial sample of 1,957 is 2.2 per cent based on the 95 per cent confidence interval. From this sample, 1,847 respondents answered the question on satisfaction with health care services personally received in Alberta within the past year. Results are reliable within +/-3.3 per cent, 19 times out of 20 for this question.

12. Access to Continuing Care

Source: Persons waiting in an acute care hospital bed; Persons waiting in the community for continuing care: Alberta Health Services, Stratahealth Pathways (Calgary and Edmonton Zones); Meditech (North, Central and South Zones)

Note(s): The number of persons waiting in an acute care hospital bed/waiting in the community for continuing care is defined as the number of individuals assessed and approved for publicly funded continuing care living options who are waiting in acute care and sub-acute care hospital beds/waiting in the community for continuing care at a specific point in time (March 31st).

13. Healthy Alberta Risk Trend Index (HARTi)

Source: Statistics Canada. Canadian Community Health Survey (CCHS) Alberta Share File (the CCHS Share File is not publicly issued)

Note(s): This performance measure is an indicator of progress achieved toward improving healthy behaviours and reducing risks for development of disease and disabilities among Albertans aged 20 to 64 years.

The calculation of the HARTi involves each of the six indicators listed below being dichotomized as 0 or 1 (0 for not having the behaviour or 1 for having the behaviour) and totaling them from a risk factor perspective, meaning a 6 would be most unhealthy and 0 would be most healthy.

- Life Stress
- BMI Category
- Fruit and Vegetable Consumption
- Physical Activity Category derived from reported physical activities
- Smoking Status
- Binge Drinking

14. Potential Years of Life Lost

Source: Alberta Vital Statistics Death File, Alberta Health Care Insurance Plan (AHCIP) Quarterly Population Registry Files, Alberta Health Postal Code translation file, Statistics Canada, Census 1991 population data

Note(s): Potential years of life lost (PYLL) is the number of years of life "lost" when a person dies "prematurely" from any cause, before age 75. A person dying at age 25, for example, has lost 50 years of life.

Potential years of life lost are calculated by taking the mid-point age in each age group, subtracting from 75, and multiplying by the number of deaths in that age group disaggregated by sex and cause of death (Statistics Canada) to determine the years of life lost in each cohort.

15. Avoidable Mortality Rates

Source: Alberta Vital Statistics Death File, Alberta Health Care Insurance Plan (AHCIP) Quarterly Population Registry Files, Alberta Health Postal Code translation file, Statistics Canada, Census 1991 population data

Note(s): The age-standardized avoidable mortality rate by cause of death is a measure of the frequency (rate) at which deaths occur in a given population due to a certain cause.

The three-year combined rates are calculated by taking the total number of deaths for the three-year period and dividing by the total of the mid-year populations over the three-year period.

16. Life Expectancy at Birth

Source: Alberta Health Care Insurance Plan (AHCIP) Quarterly Population Registry Files (Adjusted), Alberta Health Postal Code Translation File (PCTF), Alberta Vital Statistics Death File

Note(s): Life expectancy can be interpreted as the average number of years a hypothetical age cohort would live if they were subjected to the current mortality conditions throughout the rest of their lives.

Life expectancy is calculated using the commonly-used "period" life table methodology. A detailed description of the methodology used to convert age-sex specific death rates into life expectancy at birth can be found in Appendix 3 of the Alberta Health report Chronic Disease Projections Methodology, 2008 http://www.health.alberta.ca/documents/Chronic-Disease-Method-2008.pdf.

17. Access to Primary Care through Primary Care Networks

Source: Government of Alberta, Alberta Health, Alberta Health Care Insurance Plan Statistical Supplement, 2012/2013

Note(s): Access to primary care through Primary Care Networks is defined as the percentage of Albertans informally enrolled in a Primary Care Network as at March 31 of a given year.

The percentage of Albertans enrolled in a Primary Care Network is calculated by dividing the total number of Albertans informally enrolled in Primary Care Networks in a given fiscal year (April 1 to March 31) by the total population covered by the Alberta Health Care Insurance Plan as at March 31 of the same fiscal year.

18. High School Completion

Source: Education

Note(s): The high school completion rate reports the percentages of Alberta students in public, separate, francophone, charter, and accredited private schools who, within five years of entering grade 10, received an Alberta High School Diploma, an Alberta High School Equivalency Diploma (GED), a Certificate of Achievement for completing the Integrated Occupational Program (IOP), the Certificate of High School Achievement for completing Knowledge and Employability courses, entered an Alberta post-secondary program or an apprenticeship program, or earned credits in five grade 12 courses, including one language arts diploma examination course and three other diploma examination courses.

The tracking of grade 10 Alberta students excludes some students, such as those identified as having a severe or moderate cognitive disability or a severe multiple disability.

19. Post-secondary Transition Rate

Source: Education

Note(s): The high school to post-secondary transition rate reports the percentages of Alberta students in public, separate, francophone, charter, and private schools who made the transition to post-secondary education within six years of entering grade 10.

20. Literacy

Source: Education

Note(s): The literacy measure reports the percentage of students in grade 9 who achieve the acceptable standard on provincial achievement tests in language arts. Students who achieve the acceptable standard have developed the foundational skills needed to become literate adults.

21. Business Expenditures on Research and Development

Source: Statistics Canada, Gross domestic expenditures on research and development, by science type and by funder and performer sector

Note(s): This is a measure of expenditures devoted annually to research and development from all business sectors of Alberta's economy. The data is gathered annually by Statistics Canada using surveys of business and is initially published as Industrial Research and Development: Intentions. The funding view of the data presents who provided the money regardless of which performing entity spent it. Updates of the administrative data and filing timelines necessitate historical revisions to the data. Normally the two years prior to the current survey year are revised; however, in November 2013, Statistics Canada revised all the numbers from 2001 to 2010.

22. Education Attainment of Albertans Age 25+:

High School Completion (Age 25–34)

Source: Statistics Canada Labour Force Survey

Note(s): High school completion includes those have high school diplomas or certificates only, those that have some post-secondary training, those that have post-secondary certificates or diplomas and those that have university degrees. Excluded from the survey's coverage are: persons living on reserves and other Aboriginal settlements in the provinces; full-time members of the Canadian Forces and the institutionalized population.

Post-secondary Completion (Age 25–64)

Source: Statistics Canada, Labour Force Survey

Note(s): Statistics Canada's Labour Force Survey is used to calculate the percentage of Albertans age 25–64 who have completed a post-secondary program. The numerator is the number of Albertans aged 25–64 who report having a post-secondary certificate or diploma or a university degree. The denominator is the population of Albertans aged 25–64. Post-secondary completion includes certificates and diplomas (university, vocational, trade, community college) and university degrees. Excluded from the survey's coverage are persons living on reserves and other Aboriginal settlements in the provinces, full-time members of the Canadian Forces and the institutionalized population.

23. International Literacy (15 years old)

Source: Council of Ministers of Education, Canada

Note(s): The Programme for International Student Assessment (PISA) seeks to measure the extent to which youth, at age 15, have acquired some of the knowledge and skills that are essential for full participation in modern societies. Member countries of the Organisation for Economic Co-operation and Development (OECD), along with partner countries and economies, developed PISA to improve their understanding of what makes young people – and education systems as a whole – successful. The project reports on mathematical, reading, and scientific literacy every three years.

24. Educational Attainment of Aboriginal Albertans

Source: Statistics Canada, Western Aboriginal Labour Force Survey

Note(s): During the Labour Force Survey data collection, Statistics Canada performs an oversample of off-reserve Aboriginals in Alberta. The extra responses collected from this oversample are added to the Labour Force Survey data, and different weights are used. This Western Aboriginal Labour Force Survey is used to calculate the percentage of off-reserve Aboriginal Albertans age 25–64 who have completed a post-secondary program. The numerator is the number of Aboriginal Albertans aged 25–64 who report having a post-secondary certificate or diploma or a university degree. The denominator is the population of Aboriginal Albertans aged 25–64. Post-secondary completion includes certificates and diplomas (university, vocational, trade, community college) and university degrees. Excluded from the survey's coverage are persons living on reserves and other Aboriginal settlements in the provinces, full-time members of the Canadian Forces and the institutionalized population.

25. Credit Rating

Source: Alberta is rated by three credit rating agencies; Standard and Poor's Rating Services, Moody's Investor Services and Dominion Bond Rating Service

Note(s): Credit rating is an independent credit rating agency's assessment of the future ability of an organization to repay its long-term debt. The highest possible rating is AAA.

26. Alberta's Assets

Source: Net Assets on a Fiscal Plan Basis – Found in the GOA Annual Report, in the Executive Summary section on a table titled "Balance Sheet"

Net Assets on a Consolidated Financial Statement Basis – Found in the GOA Annual Report, Consolidated Financial Statements section on the "Consolidated Statement of Financial Position" table

Note(s): Consolidated net assets reflect the province's total assets less their total liabilities. A 'net-asset' position indicates that the province would be able to meet all current and long-term obligations given the value of their assets.

27. Economic Diversity

Source: Statistics Canada, Gross domestic product (GDP) at basic prices, by North American Industry Classification System (NAICS), provinces and territories

Note(s): Industries are grouped into sectors, and the total share for each sector is used to determine the top three sectors. Gross Domestic Product (GDP) is the total market value of all goods and services produced during a given year. GDP is also referred to as economic output. To avoid counting the same output more than once, GDP includes only final goods and services – not those that are used to make another product. The GDP indicators rely heavily on a wealth of information from various areas of Statistics Canada, from other federal departments and agencies, from provincial government departments and from private industry sources. This large amount of information is compiled, integrated and analysed as part of the complex process of arriving at GDP by industry.

28. Index of Economic Well-Being

Source: Centre for the Study of Living Standards

Note(s): The Index of Economic Well-Being (IEWB), developed by L. Osberg and A. Sharpe, is a mix of different approaches. The index covers simultaneously current prosperity (based on measures of consumption), sustainable accumulation, and social topics (reduction in inequalities and protection against "social" risks). Environmental issues are addressed by considering the costs of CO_2 emissions per capita. Consumption flows and wealth accumulation (defined broadly to include research and development stock, a proxy for human capital, and the costs of CO_2 emissions) are evaluated according to National Accounts methodology. Inequality is monitored with a Gini index and a measure of poverty intensity (Sen-Shorrocks-Thon index). Finally, four key social risks are identified: unemployment, illness, single parent poverty and old-age poverty.

29. Total Greenhouse Gas Emissions

Source: Environment Canada. Canada's Inventory can be found at:

http://www.ec.gc.ca/ges-ghg/default.asp

Note(s): Results are based on the success in meeting the greenhouse gas emissions growth targets measured in million tonnes of CO_2 equivalent, as outlined in *Alberta's 2008 Climate Change Strategy*. Alberta's total emissions are reported in the National/Provincial/Territorial Tables.

30. Air Quality Index

Source: Environment and Sustainable Resource Development, Parkland Airshed Management Zone, Calgary Region Airshed Zone, Fort Air Partnership, Peace Airshed Zone Association, Palliser Airshed Society, and Lakeland Industry and Community Association and Wood Buffalo Environmental Association

Note(s): The Air Quality Index methodology has been enhanced and therefore results are no longer comparable to the target or historical data prior to 2010. The results reflect the new monitoring technology implemented at 13 air monitoring stations across Alberta which better accounts for the total fine particulate matter (PM2.5) concentration. This initiative is part of the National Air Pollution Surveillance Program being implemented across Canada. Results for the year 2013 were based upon data from 12 stations (includes Calgary Central, Calgary Northwest, Cold Lake South, Edmonton Central, Edmonton East, Edmonton South, Fort McMurray - Athabasca Valley, Fort McMurray - Patricia McInnes, Fort Saskatchewan, Henry Pirker, Lethbridge, and Red Deer). Crescent Heights was not included in 2013 due to insufficient data availability. The Fort McMurray – Patricia McInnes station was included due to its upgrade to the new monitoring technology.

31. River Water Quality Index

Source: Environment and Sustainable Resource Development

Note(s): The Alberta River Water Quality Index examines a broad range of water quality parameters, many of which tend to fluctuate over time. In 2012-13, five out of six river systems assessed as part of the Alberta River Water Quality Index demonstrated good to excellent water quality. A certain level of inter-annual variability in Index ratings is expected and typically observed. In July of 2012, sampling in the Red Deer River basin coincided with a summer precipitation event, which likely contributed to increased non-point source runoff to the river. Contaminants (bacteria, nutrients, metals and pesticides) transported by this runoff caused an increase in the number and magnitude of water quality guideline exceedances, resulting in a lower River Water Quality Index rating at the downstream monitoring station.

The Water Quality Index is calculated on the basis of four variable groups (metals, bacteria, nutrients and pesticides) that are regularly monitored in the provincial rivers. The resulting value is assigned a rating according to the following guidelines: 96-100 Almost always met; Best quality (Excellent); 81-95 Occasionally exceeded, but usually by small amounts; threat to quality is minimal (Good); 66-80 Sometimes exceeded by moderate amounts; quality occasionally departs from desirable levels (Fair);46-65 Often exceeded, sometimes by large amounts; quality is threatened, often departing from desirable levels (Marginal); 0-45 Almost always exceeded by large amounts; quality is significantly impaired and is well below desirable levels; Worst quality (Poor). Both upstream and downstream monitoring stations must achieve a minimum rating of good for the river to receive an overall score of good to excellent.

32. Oil Sands Mine Permanent Reclamation

Source: Oil sands reclamation information can be found at the Oil Sands Information Portal website at:

http://environment.alberta.ca/apps/OSIPDL/Dataset/Details/27

Note(s): The data provided is as of December 31 of each year reported and it is updated on an annual basis using data provided by the operators in the Annual Reclamation Progress Tracking reports submitted to Environment and Sustainable Resource Development. On April 1, 2014, the Alberta Energy Regulator took over regulatory oversight for oil sands mines, and reports are now submitted to the Regulator instead of Environment and Sustainable Resource Development. The data excludes insitu oil sands. After a period of time, permanently reclaimed land requires a reclamation certificate under the ***Environmental Protection and Enhancement Act***. A total of 104.0 hectares have been certified and returned to the Crown.

33. Energy Intensity

Source: Natural Resources Canada (NRCan) Energy Efficiency Trends in Canada, 1990 to 2009

http://publications.gc.ca/site/eng/420428/publication.html

Comprehensive Energy Use Database Table

http://oee.rncan.gc.ca/corporate/statistics/neud/dpa/comprehensive_tables/list.cfm?attr=0

(a) Industrial Sector

http://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/showTable.cfm?type=CP&sector=agg&juris=ab&rn=1&page=4&CFID=13373214&CFTOKEN=f96cd0fc6dfdf0f6-12A65A73-C5C8-EB93-B49BA673FB634DAC

(b) Residential Sector

http://oee.nrcan.gc.ca/corporate/statistics/neud/dpa/showTable.cfm?type=CP&sector=agg&juris=ab&rn=1&page=4&CFID=13373214&CFTOKEN=f96cd0fc6dfdf0f6-12A65A73-C5C8-EB93-B49BA673FB634DAC

Note(s): Energy intensity is the ratio of energy use per unit of activity. The Residential and Industrial Sector measures of energy intensity are used to represent energy efficiency. The document titled Energy Efficiency Trends in Canada, 1990 to 2010 describes the methodology NRCan uses for determining energy intensity measures in various sectors. NRCan's Comprehensive Energy Use Database, 1990 to 2011, provides an overview of sectoral energy markets in Canada and in each region of the country.

34. Manufacturing and Service Industry Investment

Source: Statistics Canada, Capital and repair expenditures, by sector and province

Note(s): Statistics Canada surveys all industries once a year about their actual past years' capital investments, as well as their intended investments for the current year. For business services, the following industries are aggregated: transportation and warehousing; information and cultural industries; finance and insurance; professional, scientific and technical services; administrative and support, waste management and remediation services; arts, entertainment and recreation; and accommodation and food services. Capital expenditures on machinery and equipment represent the total capitalized cost of machinery such as automobiles, boilers, compressors, earth moving and materials handling machines, generators, motors, office and store furniture, professional and scientific equipment, pumps, tools, and transformers. Preliminary results for 2013 are available from Statistics Canada, as are expectations for 2014. However, this report includes only the finalized numbers up to 2012.

35. Investment in Alberta

Source: Statistics Canada

Note(s): Estimates for investment are derived from the Private and Public Investment in Canada publication (Catalogue 61-205-X) and is derived from two different surveys of industry for past year capital investment and intended investment and fixed capital stocks and flows.

36. Exports by Sector and Destination

Source: Statistics Canada via World Trade Atlas

Note(s): World Trade Atlas compiles and publishes data from Statistics Canada on international trade statistics for Alberta's goods exports by destination and by product. The information is based on customs data and does not include exports of services.